

## **MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES FOR 2016**

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TUESDAY, MARCH 3, 2015.

### **INSTALLATIONS, ENVIRONMENT, ENERGY AND BRAC BUDGET AND OVERSIGHT**

#### **WITNESSES**

**JOHN CONGER, PERFORMING THE DUTIES OF ASSISTANT SECRETARY  
OF DEFENSE, ENERGY, INSTALLATIONS AND ENVIRONMENT**

**KATHERINE HAMMACK, ASSISTANT SECRETARY OF THE ARMY, IN-  
STALLATIONS, ENERGY AND ENVIRONMENT**

**DENNIS V. MCGINN, ASSISTANT SECRETARY OF THE NAVY, ENERGY,  
INSTALLATIONS AND ENVIRONMENT**

**MIRANDA A. A. BALLENTINE, ASSISTANT SECRETARY OF THE AIR  
FORCE, (INSTALLATIONS, ENVIRONMENT AND ENERGY)**

#### **CHAIRMAN OPENING STATEMENT**

Mr. DENT [presiding]. Good afternoon. I suspect we are going to be interrupted by votes, so apologies in advance. But again, I just want to thank you all and welcome everyone to this afternoon's hearing on Installations, Environment, Energy and BRAC for fiscal year 2016.

We have many questions to address concerning the fiscal year 2016 budget request—specifically the impact of the budget submission being above Budget Control Act levels, the impact of sequestration and how force structures changes will affect the military construction budget in fiscal year 2016 and beyond.

In addition, the Department of Defense has just completed an evaluation of installations in Europe—the European Infrastructure Consolidation Study. Another high profile issue is the European Reassurance Initiative, which our allies are clearly very interested in.

Last, we all have a keen interest in managing our facilities better in terms of requirements versus capacity, both overseas and in the United States. The panel before us today has a lot of answers to these questions, I am sure. Before I introduce our witnesses, I would like to turn to the ranking member, Mr. Bishop, for any opening remarks he would like to make.

#### **RANKING MEMBER BISHOP OPENING STATEMENT**

Mr. BISHOP. Thank you, Mr. Chairman. I am glad that today we are going to be able to talk about the President's fiscal year 2016 budget request, that we have the civilian leadership here that can

explain the priorities of military construction in each of the services.

The individuals before us today have some big issues to deal with; you have all dealt with sequestration. And you have all dealt with the budget caps that are mandated by the Budget Control Act.

I thought each of your respective services did a tremendous job; you did the best you could to function under those caps. Each of you elected to invest in critical infrastructure for the war-fighter over quality of life facilities. In fact, during this time we basically saw quality of life projects disappear, as you were all forced to choose one need over the other.

So when I saw the fiscal year budget 2016, I was pleased to see a healthy budget for military construction, one that invests in all the aspects of the department's needs.

Mr. Chairman, we can't continue to let the budget caps continue in perpetuity and continue to neglect important investments. It is my hope that we can deal with this in a very bi-partisan fashion to lift the caps and put an end to sequestration.

Changing gears to another subject, of equal import, is the department's request to conduct another round of BRAC. In 2005, Congress authorized a BRAC that ended up being far more expensive and expansive than we had been led to believe.

I understand in 2004 it was known that the department had 24 percent excess capacity, but during the 2005 BRAC round Defense only made reductions of 3.4 percent. I understand that the 2005 BRAC was a reshaping BRAC, but a lot of money was spent to move things around, and mostly moving around important people.

So I have some concerns regarding another round of BRAC, but I also have concerns about maintaining infrastructure that we don't need.

So, Mr. Chairman, I realize that these are some very difficult issues for all the members of Congress and I am glad for today's hearing so we can discuss them openly, and I look forward to a very vigorous discussion. I thank you for the opportunity, and I yield back.

Mr. DENT. Thank you, Mr. Bishop.

And at this time I would like to now introduce our witnesses, starting from my right: The Honorable John Conger, who is performing the duties of Assistant Secretary of Defense for Energy, Installations, and Environment; the Honorable Katherine Hammack, Assistant Secretary of the Army for Installations, Energy, and Environment; the Honorable Dennis McGinn, Assistant Secretary of the Navy for Energy, Installations, and Environment; and the Honorable Ms. Miranda Ballentine, Assistant Secretary of the Air Force for Installations, Environment, and Energy.

#### STATEMENT OF MR. CONGER

Thank you, again, for taking the time to be here with us and sharing your perspectives and expertise. And without objection, your written statements will be entered into the official record.

Due to the number of witnesses, I would ask that each of you summarize your statement in about 5 minutes so that we can maximize the time for dialogue between the panel and the subcommittee members.

So with that, Secretary Conger.

Mr. CONGER. Thank you.

Chairman Dent, Ranking Member Bishop, distinguished members of the subcommittee, I appreciate the opportunity to discuss the department's fiscal year 2016 budget request for energy, installations, and environment. My written statement addresses the budget request in detail, so instead of summarizing it, I would like to raise two topics for you to consider as we enter today's discussion.

First, we cannot contemplate the budget request without considering the context of the Budget Control Act caps. The department submitted a budget request that was \$35 billion higher than the caps and \$38 billion higher than last year. Forcing us to adhere to the caps would have reverberations across the budget.

The President's budget request includes a significant increase for facilities over last year's request—nearly \$2 billion in MILCON and \$2.5 billion in facility sustainment and recapitalization. Legislation will be required to provide relief from the Budget Control Act caps, like the relief provided by the Bipartisan Budget Act 2 years ago. If you must adhere to the BCA caps, Congress will have to cut that \$35 billion from this request, and it will certainly have to consider cutting funds from the request for facilities.

Second, it should be no surprise that we are again requesting authority to conduct a BRAC round. While I recognize the authority is not the purview of this committee per se, your jurisdiction is intertwined with it and your voice is highly relevant to that decision.

As we deal with this constrained budget environment with considerable force structure decreases since 2005, we must look for ways to divest excess bases and to reduce the cost of supporting our smaller force structure.

A few key points in support of our request for BRAC: The Army and the Air Force have done analyses indicating that 18 and 30 percent excess capacity already exists, and I will note that the Army analysis is based on a number of 490,000 soldiers, not the projected 450,000. This aligns with our prediction, based on the analysis performed in 2004, that we do have excess capacity in the department and there is justification to do a BRAC round.

Second, partially in response to Congress' urging, we conducted a BRAC-like review of European facilities and bases. It was delivered to Congress in January 2015, and we project that it will save more than \$500 million annually once implemented.

Third, in this budget environment a new round of BRAC must be focused on efficiencies and savings. I know that BRAC 2005 was unpopular, but the recommendations from that round were not all designed to save money, and that is what drove up the cost.

We actually did an analysis where we ascertained that roughly half of the recommendations from the BRAC 2005 round were not projected, even from the outset, to save money within the first 7 years after implementation. Many of them weren't projected to actually have recurring savings.

But the half that were—the half of the recommendations that were projected to save money, that were intended to save money, only cost \$6 billion out of the \$35 billion cost of the BRAC round.

It was a much—a very small percentage of the overall cost, and those recommendations represent \$3 billion in recurring savings.

So once again, just like the rounds of BRAC in the 1990s, when we want to save money with BRAC recommendations, we do.

The new issue that I have heard raised recently is that we cannot expect Congress to pass our legislative proposal for a new BRAC round because it mirrors the BRAC 2005 legislation and, once again, that particular round was unpopular. I understand the reality that no matter how many times the administration asserts that a future BRAC round will be about cost savings, Congress may want more than just our assurance.

Let me be clear: We are open to a discussion on this point, and I would like to solicit your suggestions for specific changes in the BRAC legislation that would make it more acceptable. We want to have that conversation.

Thanks again for the opportunity to testify, and I look forward to your questions.

**John Conger**  
**Performing the Duties of Assistant Secretary of Defense for Energy,**  
**Installations and Environment**



Mr. John Conger is Performing the Duties of Assistant Secretary of Defense for Energy, Installations and Environment. He was appointed on December 20<sup>th</sup>, 2014 after the Office of the Assistant Secretary of Defense for Operational Energy merged with the Office of the Deputy Under Secretary of Defense for Installations and Environment. Previously, he was the Acting Deputy Under Secretary of Defense for Installations and Environment from September 14, 2012 to December 19, 2014. He also served as the Assistant Deputy Under Secretary for Installations and Environment from June 22, 2009-September 13, 2012.

In this position, he provides budgetary, policy and management oversight over the DoD's \$850 billion real property portfolio, which encompasses more than 500 installations, 500,000 buildings and structures, and 28 million acres. He conducts oversight of the Department's implementation of the planning and program activities related to Operational Energy. He manages the Department's Base Realignment and Closure activities for domestic installations and facility consolidation and realignment efforts overseas; develops policy to improve facility energy efficiency, increase renewable energy use on U.S. installations and operations, and promote energy security; and manages environmental compliance, conservation and clean-up programs. Mr. Conger is the Department's designated Senior Real Property Officer.

Prior to his appointment in DoD, Mr. Conger served on the staff of Representative Chet Edwards, Chairman of the House Appropriations Subcommittee on Military Construction and Veterans Affairs, where he served as Legislative Director and principal advisor on defense, veterans, and foreign policy issues. In addition to his work supporting Rep. Edwards' military construction initiatives, his efforts focused on Army force structure and policy, military quality of life, military retiree benefits, veterans health care funding, and nuclear nonproliferation. He also served as staff for the House Army Caucus, which Edwards co-chaired. For his work in support of military service members, retirees, and their families, Mr. Conger received the Military Order of the Purple Heart Special Recognition Award, the Military Coalition Freedom Award, and the Military Officers Association of America Col. Paul W. Arcari Meritorious Service Award.

In his previous tenure on Capitol Hill, he served as Professional Staff for the House International Relations Committee and as defense staff for Representatives Jane Harman and Sam Gejdenson. Previously, Mr. Conger was employed in the private sector as an aerospace engineer and defense analyst supporting the Office of the Secretary of Defense.

He holds a B.S. and an M.S. in Aerospace Engineering from the Massachusetts Institute of Technology and an M.A. in Science, Technology and Public Policy from the George Washington University.

Current as of January 29, 2015

**HOLD UNTIL RELEASED**

**BY THE COMMITTEE**

**Statement of**  
**Mr. John Conger**  
**Performing the Duties of Assistant Secretary Of Defense**  
**(Energy, Installations and Environment)**  
**Before the Subcommittee on**  
**Military Construction, Veteran Affairs, and Related Agencies**  
**of the**  
**House Appropriations Committee**

**March 3, 2015**

### **Introduction**

Chairman Dent, Ranking Member Bishop and distinguished members of the subcommittee: Thank you for the opportunity to present the President's Fiscal Year (FY) 2016 budget request for the Department of Defense programs supporting energy, installations, and the environment.

In my testimony, I will focus first on the budget request. As you will note, the Administration's budget includes \$8.4 billion for Military Construction (including family housing), and \$10.6 billion for Facility Sustainment and Recapitalization. These are both significant increases from last year, increases made possible because the total defense budget request is \$35 billion more than the Budget Control Act cap for Fiscal Year 2016. It allows a significant reduction in facilities risk from last year, but if we are compelled to return to the budget caps, we will undoubtedly need to accept more risk in facilities. As I have said in the past, facilities degrade more slowly than readiness, and in a constrained budget environment, it is responsible to take risk in facilities first.

My testimony will also address the environmental budget. This budget has been relatively stable, and we continue to show progress in both our compliance program, where we've seen a decrease in environmental violations, and in cleanup, where 82% of our 39,000 sites have reached Response Complete. We remain on track to meet our goals of 90% Response Complete in 2018, and 95% in 2021.

Given the merger between the Installations & Environment office and the Operational Energy Plans and Programs office into the new, combined Energy, Installations & Environment office, this testimony will also address both Operational and Facilities Energy budgets, though these are not as explicitly broken out in the budget request in the same way many of the facilities and environmental accounts are. I will address the Operational Energy Budget Certification in my testimony, though the formal certification report will follow separately.

In addition to budget, I will also highlight a handful of top priority issues – namely, the Administration's request for BRAC authority, European consolidation efforts, the status of the movement of Marines from Okinawa to Guam, an overview of our energy programs, and climate change.

### **Fiscal Year 2016 Budget Request – Military Construction and Family Housing**

The President's FY 2016 budget requests \$8.4 billion for the Military Construction (MilCon) and Family Housing Appropriation- an increase of approximately \$1.9 billion from the FY 2015 budget request (see Table 1 below). This increase recognizes the Department's need to invest in facilities that address critical mission requirements and life, health, and safety concerns, while acknowledging the constrained fiscal environment. In addition to new construction needed to bed-down forces returning from overseas bases, this funding will be used to restore and modernize enduring facilities, acquire new facilities where needed, and eliminate those that are excess or obsolete. The FY 2016 MilCon request (\$6.7 billion) includes projects in support of the strategic shift to the Asia-Pacific, projects needed to support the realignment of forces, and

projects to take care of our people and their families, such as unaccompanied personnel housing, medical treatment facilities, and schools.

Despite the slight increase in this year's budget request, the DoD Components continue to take risk in the MilCon program in order to decrease risk in other operational and training budgets. While the Department's FY 2016 budget request funds critical projects that sustain our warfighting and readiness postures, taking continued risk across our facilities inventory will degrade our facilities and result in the need for significant investment for their repair and replacement in the future. Our limited MilCon and Family Housing budget for FY 2016 leaves limited room for projects that would improve aging workplaces, and therefore, could adversely impact routine operations and the quality of life for our personnel.

**Table 1. MilCon and Family Housing Budget Request, FY 2015 versus FY 2016**

Category	FY 2015 Request (\$ Millions)	FY 2016 Request (\$ Millions)	Change from FY 2015	
			Funding (\$ Millions)	Percent
Military Construction	4,859	6,653	1,794	37%
Base Realignment and Closure	270	251	(19)	(7%)
Family Housing	1,191	1,413	222	19%
Chemical Demilitarization	39	0	(39)	(100%)
NATO Security Investment Program	200	120	(80)	(40%)
<b>TOTAL</b>	<b>6,559</b>	<b>8,437</b>	<b>1,878</b>	<b>29%</b>

#### **Military Construction**

We are requesting \$6.7 billion in the military construction *account* (note the difference between that and the military construction *appropriation* which includes items like Base Realignment and Closure (BRAC) and Family Housing). While this represents a nearly 37 percent increase from our FY 2015 request, this level of funding is still significantly less than historic trends prior to the Budget Control Act. This FY 2016 military construction funding request addresses routine requirements for construction at enduring installations stateside and overseas, and for specific programs such as the NATO Security Investment Program and the Energy Conservation Investment Program. In addition, we are targeting MilCon funds in three key areas as discussed immediately below.

First and foremost, our MilCon request supports the Department's operational missions. MilCon is key to supporting forward deployed missions as well as implementing initiatives such as the Asia-Pacific rebalance, European Infrastructure Consolidation, and cyber mission effectiveness. Our FY 2016 budget request includes \$50 million for construction of an airlift ramp and taxiway at Agadez, Niger; \$90 million for construction of a pier replacement and ship maintenance support facility in Bahrain; and \$94 million for the second phase of a Joint Intelligence Analysis Complex Consolidation at Royal Air Force Croughton, United Kingdom. The budget request



also includes funding to support bed-down of new missions, such as \$72 million for three projects to support arrival of F-35C squadrons at Naval Air Station Lemoore, California; \$69 million for three projects to support arrival of F-35A squadrons at Nellis Air Force Base, Nevada; \$37 million for a KC-46A Depot Maintenance Dock at Tinker Air Force Base, Oklahoma; \$126 million for a Live-Fire Training Range Complex at Joint Region Marianas, Guam; \$221 million for two projects supporting an Aegis Ashore Missile Defense Complex at Redzikowo Base, Poland; \$37 million for Litteral Combat Ship Support Facilities at Naval Base San Diego, California; and \$86 million for a Joint Operations Center to support U.S. Cyber Command at Fort Meade, Maryland.

Second, our FY 2016 military construction budget request includes \$376 million to replace or modernize ten DoD Education Activity (DoDEA) schools that are in poor or failing physical condition, a reduction compared to the FY 2015 request of \$394.4 million. The projects included in our FY 2016 budget request, four of which are at enduring locations overseas, support the Department's plan to replace or recapitalize more than half of DoDEA's schools over the next several years, but at a slower pace to improve execution and to allow time for DoDEA to assess the impact of pending force structure changes. The recapitalized or renovated facilities, including a \$55 million replacement elementary school at West Point, New York, are intended to be models of sustainability and will provide a modern teaching environment for the children of our personnel.

Third, the FY 2016 budget request includes \$673 million for seven projects to upgrade our medical treatment and research facilities, to include \$122 million for a behavioral health/dental clinic at Schofield Barracks, Hawaii and \$124 million for replacement of a medical/dental clinic at Marine Corps Air Station Kaneohe Bay, Hawaii. The request also includes \$85 million for the fifth increment of the Rhine Ordnance Barracks Hospital Replacement, Germany; \$239 million for the seventh increment of the Fort Bliss Hospital Replacement, Texas; and \$62 million for the fourth increment of the Ambulatory Care Center at Joint Base San Antonio, Texas. Our FY 2016 request focuses on medical infrastructure projects that are crucial to ensure that we can deliver the quality healthcare our service members and their families deserve when stationed stateside and during overseas deployments.

One final note on the MilCon request - while the FY 2016 Overseas Contingency Operations (OCO) budget request includes \$789 million to continue the President's European Reassurance Initiative (ERI) to provide temporary support to bolster the security of our North Atlantic Treaty Organization allies and partner states in Europe, the request includes no ERI military construction funding.

#### **Family and Unaccompanied Housing**

A principal priority of the Department is to support military personnel and their families and improve their quality of life by ensuring access to suitable, affordable housing. Service members are engaged in the front lines of protecting our national security and they deserve the best possible living and working conditions. Sustaining the quality of life of our people is crucial to recruitment, retention, readiness and morale.

Our FY 2016 budget request includes \$1.4 billion to fund construction, operation, and maintenance of government-owned and leased family housing worldwide as well as to provide services to assist military members in renting or buying private sector housing (see Table 2 below). Included in this request is \$61 million for the second phase of new construction family housing at Camp Walker, South Korea, and \$20 million for replacement family housing at Rock Island Arsenal, Illinois.

Most government-owned family housing is on enduring bases in foreign countries now that the Department has privatized the vast majority of our family housing in the United States. Our request does not include funding for oversight of privatized housing because we will utilize cost savings in FY 2015 to cover our FY 2016 expenses. However, we anticipate requesting funding for oversight of privatized housing in future budget requests. The requested FY 2016 funding will ensure that U.S. military personnel and their families continue to have suitable housing choices.

**Table 2. Family Housing Budget Request, FY 2015 versus FY 2016**

Category	FY 2015 Request (\$ Millions)	FY 2016 Request (\$ Millions)	Change from FY 2015	
			Funding (\$ Millions)	Percent
Family Housing Construction/ Improvements	95	277	182	192%
Family Housing Operations & Maintenance	1,094	1,136	42	4%
Family Housing Improvement Fund	2	0	(2)	(100%)
<b>TOTAL</b>	<b>1,191</b>	<b>1,413</b>	<b>222</b>	<b>19%</b>

The Department also continues to encourage the modernization of Unaccompanied Personnel Housing (UPH) to improve privacy and provide greater amenities. In recent years, we have heavily invested in UPH to support initiatives such as BRAC, global restationing, force structure modernization, and the Navy's Homeport Ashore initiative. The FY 2016 MilCon budget request includes \$360 million for construction and renovation projects that will improve living conditions for Active Duty trainees and unaccompanied personnel, to include \$68 million for Marine Corps bachelor enlisted quarters at Kaneohe Bay, Hawaii, and \$71 million for an Air Force dormitory at Joint Base San Antonio, Texas.

The Military Services completed its Military Housing Privatization Initiative (MHPI) award phase in FY 2013 with award of the final three Air Force MHPI projects, bringing the total privatized inventory to about 205,000 housing units. The new challenge will be to manage the government's interests in these privatized projects to ensure they continue to provide quality housing for their expected lifespan.

Families choosing to live in privatized housing typically pay their Basic Allowance for Housing (BAH) as rent which serves as the primary revenue stream for the MHPI project. BAH rates in

2015 have been updated to incorporate two changes to the computation BAH. First, renter's insurance was eliminated from the 2015 Basic Allowance for Housing rate computation. Second, based on recent amendment of section 403(b)(3) of title 37, United States Code, by the Fiscal Year 2015 National Defense Authorization Act, a member cost-sharing element (i.e., out-of-pocket expense) of 1 percent of the national average monthly cost of adequate housing was introduced into the housing allowance rates. As a result, the Military Departments will review their housing projects and implement necessary changes to the rental arrangements to ensure the continued quality of privatized housing, and to ensure that residents of privatized housing bear out-of-pocket expenses similar to military families living on the local economy.

#### **Facilities Sustainment and Recapitalization**

In addition to new construction, the Department invests significant funds in maintenance and repair of our existing facilities. Sustainment represents the Department's single most important investment in the condition of its facilities. It includes regularly scheduled maintenance and repair or replacement of facility components - the periodic, predictable investments that should be made across the service life of a facility to slow its deterioration, optimize the Department's investment, and save resources over the long term. Proper sustainment retards deterioration, maintains safety, preserves performance over the life of a facility, and helps improve the productivity and quality of life of our personnel.

The accounts that fund these activities have taken significant cuts in recent years. Recognizing that too much risk has been endured in maintaining their facilities, the Military Departments increased Facility Sustainment commitments in FY 2016. The FY 2016 DoD budget request includes \$6.4 billion of Operations and Maintenance (O&M) funding for sustainment of our real property, representing 81% of the requirement based on the Facilities Sustainment Model (FSM).

**Table 3. Sustainment and Recapitalization Budget Request, FY 2015 versus FY 2016**

Category	FY 2015 Request (\$ Millions)	FY 2016 Request (\$ Millions)	Change from FY 2015	
			Funding (\$ Millions)	Percent
Sustainment (O&M)	6,429	8,022	1,593	25%
Recapitalization (O&M)	1,616	2,563	946	59%
<b>TOTAL</b>	<b>8,046</b>	<b>10,585</b>	<b>2,539</b>	<b>32%</b>

For FY 2016, the Department's budget request includes nearly \$8.0 billion for sustainment and \$2.6 billion for recapitalization (see Table 3 above) in Operations & Maintenance funding. The combined level of sustainment and recapitalization funding (\$10.6 billion) reflects a 32 percent increase from the FY 2015 President's Budget (PB) request (\$8.0 billion), but still reflects an acceptance of significant risk in DoD facilities. In fact, the request supports average DoD-wide sustainment funding level that equates to 81% of the FSM requirement as compared to the Department's goal to fund sustainment at 90% of modeled requirements.

Recent and ongoing budget constraints have limited investment in facilities sustainment and recapitalization to the point that 24 percent of the Department's facility inventory is in "poor" condition (Facility Condition Index (FCI) between 60 and 79 percent) and another 6.5 percent is in "failing" condition (FCI below 60 percent) based on recent facility condition assessment data. The Department ultimately will be faced with larger bills in the out-years to restore or replace facilities that deteriorate prematurely due to funding constraints.

In an effort to better track – and limit – the risk we were accepting in our facilities, we issued policy in FY 2014 that reiterates DoD's goal to fund sustainment programs at 90 percent or higher of the Facility Sustainment Model requirement; establishes 80 percent as the minimum inventory-wide Facility Condition Index goal for each Component to meet annually for the facilities they manage; and directs Components to develop mitigation plans for their failing facilities (those with an FCI below 60 percent) to ensure that we have a strategy to improve the condition of our real property inventory in the coming years. Component mitigation plans could address failing facility conditions through repair, replacement, mothballing, or demolition. To complement these goals, we've issued policy to standardize inspections and ensure that all of the Services are measuring their facility condition the same way.

#### **Fiscal Year 2016 Budget Request – Environmental Programs**

The Department has long made it a priority to protect the environment on our installations, not only to preserve irreplaceable resources for future generations, but to ensure that we have the land, water and airspace we need to sustain military readiness. To achieve this objective, the Department has made a commitment to continuous improvement, pursuit of greater efficiency and adoption of new technology. In the President's FY 2016 budget, we are requesting \$3.4 billion to continue the legacy of excellence in our environmental programs.

The table below outlines the entirety of the DoD's environmental program, but I would like to highlight a few key elements where we are demonstrating significant progress – specifically, our environmental restoration program, our efforts to leverage technology to reduce the cost of cleanup, and the Readiness and Environmental Protection Integration (REPI) program.

**Table 4: Environmental Program Budget Request, FY 2016 versus FY 2015**

Program	FY 2015 Request (\$Millions)	FY 2016 Request (\$Millions)	Change from FY 2015	
			Funding (\$Millions)	Percent
Environmental Restoration	1,105	1,108	3	0.3%
Environmental Compliance	1,458	1,389	(69)	(4.7%)
Environmental Conservation	381	389	8	2.1%
Pollution Prevention	119	102	(17)	(14.3%)
Environmental Technology	172	200	28	16.3%
BRAC Environmental	264	217	(47)	(17.8%)
<b>TOTAL</b>	<b>3,499</b>	<b>3,405</b>	<b>(94)</b>	<b>(2.7%)</b>

**Environmental Restoration**

We are requesting \$1.3 billion to continue cleanup efforts at remaining Installation Restoration Program (IRP – focused on cleanup of hazardous substances, pollutants, and contaminants) and Military Munitions Response Program (MMRP – focused on the removal of unexploded ordnance and discarded munitions) sites. This includes \$1.1 billion for "Environmental Restoration," which encompasses active installations and Formerly Used Defense Sites (FUDS) locations and \$217 million for "BRAC Environmental." While the amount of BRAC Environmental funds requested is nearly 18% less than the 2015 request, this amount will be augmented by \$135 million of land sale revenue and prior year, unobligated funds. These funds coupled with the \$217 million request brings the total amount of BRAC Environmental funding to \$352 million DoD will invest in FY16, a 33% increase over the FY 2015 request. These investments help to ensure DoD continues to make steady progress towards our program goals. We remain engaged with the Military Departments to ensure they are executing plans to spend all remaining unobligated balances.

**Table 5: Progress Toward Cleanup Goals**

Goal: Achieve Response Complete at 90% and 95% of Active and BRAC IRP and MMRP sites, and FUDS IRP sites, by FY2018 and FY2021, respectively			
	Status as of the end of FY 2014	Projected Status at the end of FY 2018	Projected Status at the end of FY 2021
Army	89%	96%	97%
Navy	78%	88%	94%
Air Force	76%	90%	95%
DLA	88%	96%	96%
FUDS	79%	90%	96%
<b>Total</b>	<b>82%</b>	<b>92%</b>	<b>96%</b>

By the end of 2014, the Department, in cooperation with state agencies and the Environmental Protection Agency, completed cleanup activities at 82 percent of Active and BRAC IRP and MMRP sites, and FUDS IRP sites, and is now monitoring the results. During FY 2014 alone, the Department completed cleanup at over 1,000 sites. Of the roughly 39,000 restoration sites, almost 31,500 are now in monitoring status or cleanup completed. We are currently on track to meet our program goals – anticipating complete cleanup at 96 percent of Active and BRAC IRP and MMRP sites, and FUDS IRP sites, by the end of 2021.

Our focus remains on continuous improvement in the restoration program: minimizing overhead; adopting new technologies to reduce cost and accelerate cleanup; refining and standardizing our cost estimating; and improving our relationships with State regulators through increased dialogue. All of these initiatives help ensure that we make the best use of our available resources to complete cleanup.

Note in particular that we are cleaning up sites on our active installations in parallel with those on bases closed in previous BRAC rounds – cleanup is not something that DoD pursues only when a base is closed. In fact, the significant progress we have made over the last 20 years cleaning up contaminated sites on active DoD installations is expected to reduce the residual environmental liability in the disposition of our property made excess through the BRAC process or other efforts.

#### **Environmental Technology**

A key part of DoD's approach to meeting its environmental obligations and improving its performance is its pursuit of advances in science and technology. The Department has a long record of success when it comes to developing innovative environmental technologies and getting them transferred out of the laboratory and into actual use on our remediation sites, installations, ranges, depots and other industrial facilities. These same technologies are also now widely used at non-Defense sites helping the nation as a whole.

While the FY 2016 budget request for Environmental Technology overall is \$200 million, our core efforts are conducted and coordinated through two key programs - the Strategic

Environmental Research and Development Program (SERDP - focused on basic research) and the Environmental Security Technology Certification Program (ESTCP - which validates more mature technologies to transition them to widespread use). The FY 2016 budget request includes \$66 million for SERDP and \$33 million for ESTCP for environmental technology demonstrations, with an additional \$20 million requested specifically for energy technology demonstrations.

These programs have already achieved demonstrable results and have the potential to reduce the environmental liability and costs of the Department - developing new ways of treating groundwater contamination, reducing the life-cycle costs of multiple weapons systems, and improving natural resource management.

This past year, the Air Force has deployed a full scale robotic laser depainting system at Hill AFB that is the culmination of a substantial, multi-year investment by SERDP, ESTCP, and the Air Force Research Laboratory. The system is currently operational and offers a more environmentally sustainable method to perform essential maintenance on the F-16, decreasing processing time from seven days to three and increasing the mission availability of the aircraft. Additionally, the new process reduces the amount of hazardous waste generated from 2000 pounds per F-16 aircraft using previous processes to less than one pound using the new system – all while generating approximately 70% savings in per unit costs and decreasing associated labor from 400 hours per aircraft to just 100 hours. A second system is planned for the C-130, and similar results are expected. This technology truly represents a win-win for the environment and the mission.

Looking ahead, our environmental technology investments are focused on the Department's evolving requirements. This year, we expect to complete the demonstrations of revolutionary new technology that allows us to discriminate between hazardous unexploded ordnance and harmless scrap metal without the need to dig up every object and we're moving out aggressively to transition the technology to everyday use. We will continue our investments in technologies to address the challenges of contaminated groundwater sites where no good technical solutions are currently available, and we'll seek out innovative ways to address munitions in the underwater environment. Lastly, we'll continue our efforts to develop the science and tools needed to meet the Department's obligations to assess and adapt to climate change, and we'll continue the important work of reducing future liability and life-cycle costs by eliminating toxic and hazardous materials from our production and maintenance processes.

#### **Environmental Conservation and Compatible Development**

To maintain access to the land, water and airspace needed to support our mission needs, the Department continues to successfully manage the natural resources entrusted to us – including protecting the many threatened and endangered species found on our lands. DoD manages approximately 25 million acres containing many high-quality and unique habitats that provide food and shelter for over 520 species-at-risk and over 400 that are federally listed as threatened or endangered species. That is 9 times more species per acre than the Bureau of Land Management, 6 times more per acre than the United States Fish and Wildlife Service (USFWS), 4.5 times more per acre than the Forest Service, and 3.5 times more per acre than the National

Park Service. A surprising number of rare species are found only on military lands – including more than ten listed species and at least 75 species-at-risk.

The FY 2016 budget request for Conservation is \$389 million. The Department invests these funds to manage its imperiled species as well as all its natural resources in an effort to sustain the high quality lands our service personnel need for testing, training and operational activities, and to maximize the flexibility our servicemen and women need to effectively use those lands. Species endangerment and habitat degradation can have direct mission-restriction impacts. That is one reason we work hard to prevent species from becoming listed, or from impacting our ability to test and train if they do become listed.

As a result of multiple law suits, the United States Fish and Wildlife Service (USFWS) entered into a court-approved agreement in 2011 that requires USFWS to make decisions about whether to list 251 species that are “candidates” for listing as threatened or endangered under the Endangered Species Act by 2016. Of the 125 found on or adjacent to military lands, the Department determined 37 of them – if USFWS listed and designated critical habitat on DoD lands – could have significant or moderate potential to impact military readiness at locations such as Yakima Training Center and Joint Base Lewis-McChord (JBLM). Furthermore, 12 of those 37 species were identified to have the greatest potential to significantly impact military actions. So far, USFWS has listed 119 of those 251 species, at least 47 of which are on our lands. To minimize actual and potential mission impacts, these installations have increased monitoring for these species, incorporated appropriate management strategies into their Integrated Natural Resource Management Plans, and – when needed – are working with USFWS to avoid critical habitat designations and to ensure that listed species conservation is consistent with military readiness needs.

Our focus has been on getting ahead of any future listings. In 2011, I tasked the Military Departments to ensure our management plans adequately address all listed and candidate species to avoid critical habitat designations. All but two of our plans now adequately address these species, and we have successfully avoided critical habitat for all these candidate species where USFWS has made listing decisions.

We make investments across our enterprise focused on threatened or endangered species, wetland protection, and protecting other natural, cultural and historical resources, but we cannot continue to manage these resources in isolation. Instead, we are working with partners across the fence line to expand our conservation activities off-installation and promote compatible land uses around our installations and ranges. I want to highlight one particularly successful and innovative program that is advancing these innovative partnerships - the Readiness and Environmental Protection Integration (REPI) Program. Included within the \$389 million for Conservation, \$60.3 million is directed to the REPI Program. The REPI Program is a cost-effective tool to protect the nation’s existing training, testing, and operational capabilities at a time of decreasing resources. In the last 12 years, REPI partnerships have protected more than 356,000 acres of land around 80 installations in 28 states. In addition to the tangible benefits to testing, training and operations, these efforts have resulted in significant contributions to biodiversity and recovery actions supporting threatened, endangered and candidate species.



Under REPI, the Department partners with conservation organizations and state and local governments to preserve buffer land and sensitive habitat near installations and ranges. Preserving these areas allows the Department to avoid much more costly alternatives such as workarounds, restricted or unrealistic training approaches, or investments to replace existing test and training capability. Simultaneously, these efforts ease the on-installation species management burden and reduce the possibility of restricted activities, ultimately providing more flexibility for commanders to execute- their missions.

The REPI Program supports the warfighter and protects the taxpayer because it multiplies the Department's investments through unique cost-sharing agreements. Even in these difficult economic times, REPI is able to directly leverage the Department's investments at least one-to-one with those of our partners, effectively securing critical buffers around our installations for half-price.

In addition, DoD, along with the Departments of the Interior and Agriculture, announced the Sentinel Landscapes Partnership to protect large landscapes where conservation, working lands, and national defense interests converge — places defined as Sentinel Landscapes. The Sentinel Landscapes Partnership further strengthens interagency coordination and provides taxpayers with the greatest leverage of their funds by aligning federal programs to advance the mutually-beneficial goals of each agency. The pilot Sentinel Landscape project at Joint Base Lewis-McChord (JBLM) helped USFWS avoid listing a butterfly species in Washington, Oregon, and California, citing the “high level of protection against further losses of habitat or populations” from investments made by Joint Base Lewis-McChord's REPI partnership on private prairie lands in the region. These actions allow significant maneuver areas to remain available and unconstrained for active and intense military use at JBLM.

#### **Fiscal Year 2016 Budget Request – Energy Programs**

Unlike the Department's Military Construction and Environmental Remediation programs, where the budget request includes specific line items, our energy programs are subsumed into other accounts. The following sections describe the Energy portion of the budget request. Further discussion of energy follows in the highlighted issues section.

#### **Operational Energy**

There is no explicit request for Operational Energy. Fuel is not separately budgeted, but instead is part of multiple operational accounts. We can track previous years' fuel expenditures, and know that we spent approximately \$14 billion on fuel in FY 2014. However, investments in how the Department uses operational energy are spread across multiple appropriations, and are detailed in the Department's annual budget certification report, which assesses the alignment of the President's Budget with the goals of the DoD Operational Energy Strategy.

The Department of Defense budgeted approximately \$1.6 billion in Fiscal Year (FY) 2016 and \$10.9 billion over the five-year Future Defense Plan (FYDP) on operational energy initiatives. Although the FY 2016 budget request maintains approximately the same funding levels as FY

2015, the overall FY 2016-20 FYDP funding includes an increase of approximately \$2 billion over FY 2015-19 FYDP funding. The increase largely results from increases in Army and Air Force operational energy funding over the FYDP.

Approximately 92 percent of Department spending on operational energy initiatives focuses on reducing demand, while the remainder addresses energy supplies and adapting the future force. Specific to energy demand, the Services are investing in an array of innovations designed to improve the endurance, resilience, and agility of Joint operations. For instance, the Army is investing in vehicle power train technology, improved batteries and solar chargers for individual Soldier equipment, and more efficient generators. The Navy is pursuing hybrid electric propulsion for the DDG-51 class destroyers that will increase time on station, and aviation simulator upgrades that will allow more training to occur in simulators, reducing the amount of fuel and aircraft maintenance needed to support the Naval Flight Hour program. Marine Corps investments include tactical vehicle fuel efficiency and improvements in expeditionary base camp initiatives. The Air Force is pursuing a range of improved operational practices for the airlift and tanker fleet, as well as mid-life engine upgrades (KC-135 Engine Upgrade) and wholly new propulsion programs (Adaptive Engine Technology Development) that increase range, payload, and/or endurance.

The full certification report, which will be provided to Congress in the near future, will provide a more comprehensive assessment of the alignment of these operational energy initiatives in the FY 2016 President's Budget with the goals of the Operational Energy Strategy.

#### **Facilities Energy**

As with Operational Energy, there is no explicit request for Facilities Energy – utilities expenditures are included in the Base Operations O&M request. We can track actual expenditures, and we spent \$4.2B on Facilities Energy in FY 2014. Energy efficiency initiatives are found either as part of construction or sustainment budgets. Moreover, the preponderance of renewable energy initiatives that the Services pursue involve third party investments and power purchase agreements that result in electricity bills that are less than or equal to historical prices.

The Department's FY 2016 budget request includes approximately \$700 million for investments in conservation and energy efficiency, most of which will be directed to existing buildings. The majority (\$550 million) is in the Military Components' operations and maintenance accounts, to be used for sustainment and recapitalization projects. Such projects typically involve retrofits to incorporate improved lighting, high-efficiency HVAC systems, double-pane windows, energy management control systems, and new roofs. The remainder (\$150 million) is for the Energy Conservation Investment Program (ECIP), a Military Construction account used to implement energy efficiency, water conservation and renewable energy projects. Each individual ECIP project has a positive payback (i.e. Savings to Investment Ratio (SIR) > 1.0) and the overall program has a combined SIR greater than 2.0. This means for every dollar we invest in ECIP, we generate more than two dollars in savings.

The Military Component investments include activities that would be considered regular maintenance and budgeted within the Operation and Maintenance accounts for Facilities Sustainment, Restoration, and Maintenance activities. The risk that has been accepted in those

accounts will not only result in fewer energy projects, but failing to perform proper maintenance on our buildings will without question have a negative impact on our energy usage. In plain terms, upgrades to air conditioning systems will not reduce energy usage as projected if the roof is leaking or the windows are broken. Sequestration and BCA budget cuts to the Department's facilities energy program have negatively impacted the DoD's ability to meet mandated energy intensity reduction goals. The DoD projects the Department will catch up and begin meeting its energy intensity reduction goals in FY 2019.

In addition to retrofitting existing buildings, we continue to drive efficiency in our new construction. We are implementing a new construction standard for high-performance, sustainable buildings issued by my office last year, which will govern all new construction, major renovations, and leased space acquisition. This new standard, which incorporates the most cost effective elements of commercial standards like ASHRAE 189.1, will accelerate DoD's move toward efficient, sustainable facilities that cost less to own and operate, leave a smaller environmental footprint, and improve employee productivity.

### **Highlighted Issues**

#### **Base Realignment and Closure**

Given the state of the budget and the fact that we demonstrated we can save money by closing and realigning facilities in Europe, the Administration is once again requesting the authority from Congress to conduct a BRAC round.

Many members of Congress have stated that the Government as a whole could more efficiently use its resources. We absolutely agree. BRAC is an objective, proven, and effective means of doing just that. The Deputy Secretary, the official responsible for the efficient management of the Department, has been clear on this. Last fall he said "[The] first place we should look at is our basing infrastructure." He went on to talk about how large private companies would not retain excess capacity. Reiterating the need for BRAC, he said; "in this time of constrained resources, I just don't understand why we are hamstringing ourselves. [M]aintaining that extra capacity is a big problem for us because it is wasteful spending, period. It is the worst type of bloat."

Getting at this bloat is why the goal for BRAC remains focused on efficiency and savings. We believe the opportunity for greater efficiencies is clear, based on three basic facts that have not changed over the last year:

- In 2004, DoD conducted a capacity assessment that indicated it had 24% aggregate excess capacity;
- In BRAC 2005, the Department reduced only 3.4% of its infrastructure, as measured in Plant Replacement Value – far short of the aggregate excess indicated in the 2004 study;

- Force structure reductions subsequent to that analysis – particularly Army personnel (from 570,000 to 450,000 or lower), Marine Corps personnel (from 202,000 to 182,000 or lower) and Air Force force structure (reduced by 500 aircraft) – point to the presence of additional excess.

A new BRAC round will be different than BRAC 2005, where we incurred significant costs by forwarding recommendations that did not promise significant savings. That said, in BRAC 2005, we also included many recommendations that returned the initial investment in less than 7 years. These “efficiency” recommendations cost \$6 billion and resulted in \$3 billion in annual savings. (The “transformation” recommendations cost \$29 billion and return \$1 billion in annual savings.)

We project that a new efficiency-focused BRAC round will save about \$2 billion a year after implementation with costs and savings during the six year implementation being a wash at approximately \$6 billion. Our projection is based on the efficiency rounds of the 1990s.

In addition to being a proven process that yields savings, BRAC has several advantages that we have outlined before in our testimony. I want to highlight a few of these:

- BRAC is comprehensive and thorough - all installations are analyzed using certified data aligned against the strategic imperatives detailed in the 20-year force structure plan
- The BRAC process is auditable and logical which enables the Commission to conduct an independent review informed by their own analysis and testimony of affected communities and elected officials
- The Commission has the last say on the Department’s recommendations - being fully empowered to alter, reject, or add recommendations
- The BRAC process has an “All or None” construct which prevents the President and Congress from picking and choosing among the Commission’s recommendations; thereby insulating BRAC from politics
- The BRAC process imposes a legal obligation on the Department to close and realign installations as recommended by the Commission by a date certain; thereby facilitating economic reuse planning by impacted communities; and grants the Department the authorities needed to satisfy that legal obligation.

While we are certainly open to some changes to the legislatively designed BRAC process that has remained essentially the same for each of the last four BRAC rounds, we should be careful about altering the fundamental principles of the process, particularly those that I outlined above.

For example, Congressman Adam Smith circulated an amended version of the BRAC authorization last year, proposing several changes to the BRAC process. His bill required a certification that the new round would primarily focus on eliminating excess infrastructure; it required emphasis on the cost criteria as well as military value; it required all recommendations to

be completed more quickly – within five years rather than six; and it required master plans that would constrain the execution of recommendations and limit cost growth. Taken together, the intent is clear: the Smith proposal is designed to create cost and business case constraints on the BRAC process from the outset – unfortunately while several aspects of that proposal would fundamentally alter key aspects of what makes BRAC work: the priority given to military value; insulation from politics; and the legal obligation to implement the recommendations together with the authorities needed to satisfy that legal obligation – the proposal advances a constructive discussion of BRAC authorization.

While not in the context of BRAC, recent legislation authorizing the Department to proceed with the relocation of Marines to Guam imposed a cost cap on the overall program in an effort to underscore cost consciousness and limit the Department's fiscal exposure.

We would welcome discussion on mechanisms to limit cost and emphasize savings in future BRAC rounds. Ultimately, we recognize the reality that no matter how many times the Administration asserts that a future BRAC round will be about cost savings, Congress may want more than just our assurance.

Whatever changes we discuss, the key is maintaining the essence of the BRAC process: treating all bases equally, all or none review by both the President and Congress, an independent Commission, and a clear legal obligation to implement all of the recommendations in a time certain together with all the authorities needed to accomplish implementation (specifically MILCON).

#### **European Infrastructure Consolidation**

Past and ongoing force structure changes, a changing security environment, and our tough fiscal climate provided the Department a catalyst to undertake a comprehensive review of the infrastructure requirements necessary to support U.S. forces and their missions in and around Europe. The actions resulting from this comprehensive review of our European infrastructure will allow us to create long-term savings by eliminating excess infrastructure without reducing our operational capabilities. In other words, operationally we will continue to do everything we currently do – but at a lower cost.

The Department has been reducing its European footprint since the end of the Cold War. Generally, infrastructure reductions have been proportional to force structure reductions, but prior to our European Infrastructure Consolidation (EIC) effort we hadn't taken a holistic, joint review of our European infrastructure. In response to our recent requests for Base Realignment and Closure (BRAC) authority, Congress made it clear that it wanted DoD to do so.

To analyze our European infrastructure we used a process very similar to the proven U.S. BRAC process. We looked at capacity, requirements, military value, cost, and at the diplomatic dynamics involved with each action. As we consolidate our footprint, the infrastructure remaining in place will continue to support our operational requirements and strategic commitments, but we will not need as many support personnel (military, civilian, and host nation employees) to maintain a reduced infrastructure. We did not contemplate changes that reduced

operational force structure or warfighting capability - that was a fundamental constraint of the analysis.

The largest action resulting from the EIC analysis is our return of RAF Mildenhall to the United Kingdom. Approximately 3,200 U.S. personnel from RAF Mildenhall will be re-stationed elsewhere. This move will be partially offset by the addition of about 1,200 personnel that will support the F-35s being stationed at nearby RAF Lakenheath. Both of these events will occur in the 2018-2021 timeframe.

Including the initial adjustments announced last April and the final actions announced in January, the Department will realize more than \$500 million in annual recurring savings once all actions are fully implemented – all while maintaining the same operational capability. This is in addition to the more than \$600 million in annual savings resulting from previously announced Army divestitures of Bamberg and Schweinfurt that were validated through the EIC process - divestitures directly associated with the recent force structure reductions in Europe.

Although detailed implementation planning is still underway, initial estimates indicate these actions will require approximately \$800 million to construct facilities at receiving sites. The vast majority of these construction requirements support divesting RAF Mildenhall (construction likely beginning in FY17) and consolidation of our joint intelligence analysis facilities at RAF Croughton, with \$93 million for the second of three phases included in this year's budget request.

These recommendations will be executed over the next several years, but that does not mean that everything will remain static in Europe while these changes occur. There were consolidations made before EIC and there will undoubtedly be future basing actions. However, the holistic review we conducted over the last two years allows us to redirect resources currently supporting unneeded infrastructure and apply them to higher priorities, thus strengthening our posture in Europe.

Although we continually seek efficiencies as we manage installations worldwide, the Department does not conduct this degree of comprehensive analyses of its infrastructure on a regular basis. That's one of the reasons we have requested BRAC authority from Congress to do a review of our U.S. installations. In this fiscal environment it would be irresponsible of us not to look for such savings.

#### **Rebasing of Marines from Okinawa to Guam**

The movement of thousands of Marines from Okinawa (and elsewhere) to Guam is one of the most significant re-basing action in recent years. We appreciate Congress' support in lifting restrictions on the relocation. Removal of these restrictions will allow us to move forward on this essential component of our rebalance to the Asia-Pacific region, resulting in a more geographically dispersed, operationally resilient, and politically sustainable posture in the area. As a U.S. territory, Guam offers strategic advantages and operational capabilities that are unique in the region. Presence in Guam is a force multiplier that contributes to a force posture that reassures allies and partners and deters aggression.

We understand Congress' concerns regarding both the cost and feasibility of the previous plan. Now, after much effort, we have a unified position on an executable plan. It is affordable, has fewer effects on Guam (peak population, power demand, and water demand are all reduced significantly), and is de-linked from progress on the Futenma Replacement Facility on Okinawa, yet preserves Japan's commitment to fund a substantial portion of the relocation. The new plan stations a smaller and more rotational force on Guam (~5,000 Marines/1,300 dependents) leaving ~11,500 Marines on Okinawa. The new plan, similar to the previous plan, requires Japan to contribute \$3.1 billion (all in cash) of the estimated \$8.7 billion total cost (in FY 2012\$).

In addition to the \$3.1 billion the Government of Japan has committed to construction on Guam, it is committing approximately \$12 billion to relocation efforts on Okinawa, including approximately \$7-8 billion for Okinawa consolidation and approximately \$4-5 billion for the Camp Schwab replacement for Marine Corps Air Station Futenma.

The Department has begun executing the Guam Master Plan in earnest and we expect only minor adjustments going forward. The Department plans to execute more than half a billion dollars of combined U.S. and Japanese funds in FY 2016. Specifically, in FY 2016, the Department is requesting \$126 million for the Known Distance Live-Fire Training Range at the Northwest Field of Andersen. We appreciate the FY 2015 authorization and appropriation of \$50.7 million for construction of Ground Support Equipment shops and Marine Wing Support Squadron Facilities at Andersen's North Ramp.

The relocation effort will reach a critical milestone in 2015, as the Department will complete the Supplemental Environmental Impact Statement (SEIS) associated with the modified plan and issue a Record of Decision. That document will reflect the significantly reduced strain that will be imposed on Guam as a result of a much smaller – and much slower – transition.

The long-term effects of the earlier plan's greater number of Marines and their families, larger footprint, need for additional land in the vicinity of the culturally important Pagat Cave (for the live - fire range), and the large number of imported workers necessary to meet the 2014 construction deadline fueled opposition. The new plan addresses most of these concerns through a smaller, more rotational number of Marines with less effect on the island; no requirement for additional land; a "preferred alternative" for the live-fire range at existing Andersen Air Force Base (AAFB) property; and a longer timeline needing far fewer imported workers. Additionally, in August 2014, the Department of Navy revised its planning to take advantage of existing, but underutilized, family housing at AAFB that needs recapitalization – a more cost- effective joint USMC/Air Force solution that further reduces our planned footprint.

The table below from the SEIS highlights some of the key differences between the original and revised plans:

Key Differences Between 2010 Final EIS and 2015 Final SEIS		
2010 Final EIS		2015 Draft SEIS
Approximately 8,000 Marines and 9,000 dependents relocating over 5 years	Relocated Population	Approximately 5,000 Marines and 1,300 dependents relocating over 12 years
7-year intense construction boom followed by sharp decline	Construction Period	13-years of moderate construction activity with gradual phase out
More than 79,000 new Guam Residents at peak	Peak Population Increase	Less than 10,000 new Guam residents at peak
More than 33,000 additional Guam residents	Steady State Population Increase	Approximately 7,400 additional Guam residents
2,580 acres at Finegayan preferred alternative	Project Area: Cantonment	1,723 acres at Finegayan/AAFB Preferred alternative
Acquisition of 683 acres of non-federal land Finegayan preferred alternative	Land Acquisition: Cantonment	No land acquisition at Finegayan/AAFB preferred alternative
5,529 acres for Route 15 Preferred alternative (4,439 acres) in SDZs, mostly over ocean	Project Area: LFTRC	3,957 ACRES FOR Northwest Field Preferred alternative (3,701 acres in SDZs, mostly over ocean)
Acquisition of more than 1,000 acres of non-federal land at Route 15 preferred alternative	Land Acquisition: LFTRC	No land acquisition at Northwest Field preferred alternative
20 megawatts	Power Demand	5.7 megawatts
5.32 million gallons/day	Potable Water Demand	1.7 million gallons/day
2.6 million gallons/day	Wastewater Generation	1.2 million gallons/day
165,600 pounds/day	Solid Waste Generation	54,250 pounds/day
4 alternative sites in EIS analysis, all in same vicinity	EIS Alternatives: Cantonment	5 alternative sites in 3 different areas on Guam
2 alternative sites in EIS analysis, both in same vicinity	Solid Waste Generation	5 alternative sites in 3 different areas on Guam

In parallel with the effort on the SEIS, the Department called a formal meeting of the Economic Adjustment Committee on July 29, 2014 to begin an assessment of “outside-the-fence”



requirements. The EAC's work is important as the earlier plan required significant investment due to the build-up's effects on Guam's fragile infrastructure. Nearly \$1.3 billion was previously identified in water and wastewater investments following the Navy's 2010 Record of Decision. Japan was to provide \$740 million in financing for these investments with the Department providing the balance.

However, because the new plan significantly reduces the effect on Guam's infrastructure and because Guam itself has upgraded some of its infrastructure, "outside-the-fence" requirements are expected to be significantly less. At its formal meeting on July 29, 2014, the EAC empowered teams of member agencies to identify required actions, their costs, and a timeline for outside-the-fence investments for those requirements specifically identified in the Navy's Final SEIS as being necessary to mitigate effects on the Territory. The plans and reports from these efforts will comprise the content for the final 2014 NDAA Section 2822 report (the "EAC Implementation Plan") to Congress. The EAC Implementation Plan is to be issued no later than the Department of the Navy's Record of Decision later this year.

We understand the concerns about spending funds for "outside-the-fence" projects, but the Department intends to seek funding only for those projects required by the SEIS to address impacts of the build-up. The President's FY 2016 budget requests an additional \$20.0 million for work necessary to repair Guam's civilian water and wastewater infrastructure and remedy deficiencies that could affect the health of DoD personnel. This effort is aligned with the water and wastewater investments identified as part of the Guam SEIS and the parallel EAC analysis. A more detailed – and complete – cost estimate will be included in our Report to Congress later this year.

### **Operational and Facilities Energy**

#### *Merger of the Energy, Installations, and Environment Organizations*

In the FY 2015 National Defense Authorization Act, Congress directed the merger of the Assistant Secretary of Defense for Operational Energy Plans and Programs and the Deputy Under Secretary of Defense for Installations and Environment, creating a new Assistant Secretary of Defense for Energy, Installations and Environment, mirroring the organizational structure of the Services.

Without question, the operational and facilities facets of the Department's energy programs have much in common. First, they principally focus on the ability of the Department to carry out its missions. Both at installations and in combat platforms, energy is a critical resource and vulnerability across the full range of military operations. As an enabler, energy availability and resilience define the capabilities of weapons platforms, facilities and equipment. In addition, energy remains a substantial expense that competes with other investments in people and equipment. The drive to protect taxpayer dollars, especially in this budget environment, compels us to pursue cost-effective measures that increase energy efficiency and reduce our cost of operations.

The management strategies are similar also. Both heavily emphasize energy efficiency and reduction in demand, but also include recognition of the need to diversify supply. Energy security is a common theme, and while that means different things to different people, here it means the need for assured access to energy, during both combat and day-to-day operations. Finally, they look to the future and note the important role that technology investments play in setting the groundwork for the future force.

While there are many similarities in approach, fuels, the dominant manifestation of operational energy, and electricity, the primary medium of facilities energy, are fundamentally different and involve very different communities and programs within the Department of Defense. I'd like to highlight a few topics in each area.

#### *Operational Energy*

Within the operational energy portfolio, most of our efforts to date reflected the imperatives of operations in Afghanistan and Iraq, and focused on mitigating the risks of supplying energy to distributed contingency bases in an environment characterized by desert conditions and irregular adversaries. Looking ahead, we recognize that the Department's rebalance to the Asia-Pacific will mean a shift in our own operational energy initiatives to reflect a broader set of missions, equipment, and threats. I believe we must focus on the energy implications of air and sea operations supported from a mix of permanent and contingency locations in both the United States and other host countries.

Over the long run, including energy considerations early in the force development process offers the largest opportunities to increase capability, reduce risk, and mitigate costs. We have continued to enhance the role of operational energy in Service Title X wargames that influence future organization, training, and equipment. Operational energy played a role in wargames led by each of the Services and the Defense Logistics Agency over the past year, and we anticipate this trend to continue in FY 2016.

The Department also continues to advocate the importance of developing and acquiring platforms that are energy supportable and operationally effective in contested environments. Achieving this goal will rely on the consistent and appropriate use of the Energy Key Performance Parameter (KPP) in new programs. During 2014, we worked with the Joint Staff J-4 to refine the Energy KPP instructions in the Joint Capabilities Integration and Development System (JCIDS) Manual to improve the quality and use of energy supportability analyses. By analyzing the energy performance and supportability early in the requirements and acquisition process, the Department is provided the opportunity to make informed decisions with regard to operational energy.

Using the new guidance, ASD(EI&E) and Joint Staff J-4 continued to assess the role of the Energy KPP compliance in new and updated systems, including LHA(R), TAO(X), Amphibious Combat Vehicle (ACV) and KC-46A aerial tanker. For example, with ASD(EI&E) and Joint Staff direction, the USMC is using a future wargame to analyze the operational ability of the LHA(R), the largest of the Amphibious Assault Ships, to support the F-35B Joint Strike Fighter (JSF). OASD(EI&E) and Joint Staff also are working with the Services to determine whether the

planned fleet of air and sea refuelers – TAO(X) and KC-46A – are sufficient to meet the energy needs of the future force.

As the Department considers additional initiatives to address the demand for operational energy, I anticipate future attention to how adaptations to air and sea platforms can improve our operational capability and decrease risks. Changes in operational practices, improvements in supporting routing, maintenance, and on-board energy management systems, and mid-life upgrades each represent significant opportunities for improvement.

#### *Facilities Energy*

Where operational energy is most often a characteristic of warfighting platforms, the use of electricity, natural gas and other utilities is a fundamental characteristic of the nearly 300,000 buildings DoD owns and operates. The very nature of the problems are different, both in complexity and risk. Delivery of fuel to a forward operating location or an aircraft carrier in the Pacific Ocean is fundamentally different than tapping into the commercial electric grid. As such, fiscal considerations can take a more prominent role in facilities energy decisions. For example, energy efficiency projects are prioritized, in large part, by return on investment.

This also leads us to emphasis on third-party financing. For example, the Services have increased their focus on third-party financing tools, such as Energy Savings Performance Contracts (ESPCs) and Utility Energy Service Contracts (UESCs), to improve the energy efficiency of their existing buildings. With these tools private energy firms or utility companies make energy upgrades to our buildings and are paid back over time using utility bill savings. While such performance-based contracts have long been part of the Department's energy strategy, since 2012 the Department has significantly increased our efforts in response to the President's Performance Contracting Challenge issued in Dec 2011 and extends to 2016 and beyond.

In addition, most renewable energy projects we pursue are financed by private developers. DoD's authorities for renewable energy - particularly the ability to sign power purchase agreements of up to 30 years - provide incentives for private firms to fund the projects themselves, and can also provide a strong business case that they are able to offer DoD lower energy rates than are being paid currently. In addition, both Congress and the President have established renewable energy goals that motivate us to pay closer attention to these opportunities.

As a result, the Military Services have stepped up their efforts to develop robust renewable energy programs with a goal to deploy a total of 3 gigawatts of renewable energy by 2025.

Within the last three years, the Department has more than doubled the number of renewable energy projects in operation with over 800 megawatts in place today. The Military Departments are developing a number of new renewable energy projects, anticipating that all these will be operational by FY 2020. These planned projects will provide approximately 2 gigawatts of additional renewable energy, enough to power 400,000 American homes. The Army recently completed a number of large renewable energy projects, including Fort Drum, NY (28 MW Biomass) and Fort Huachuca, AZ (18 MW Solar PV), and the Air Force's large solar project at Davis-Monthan Air Force Base came online in FY14 (16.4 MW Solar PV). In addition, the

Navy has innovatively partnered with utilities across the U.S. to construct large renewable energy projects to power multiple Navy bases at once, with over 380 MW being procured in California and the East Coast.

### **Climate Change Adaptation**

Climate change continues to be a priority for the Department. Both the 2010 and 2014 Quadrennial Defense Review (QDR) discussed that the impacts associated with a changing climate present a threat to DoD's national security mission. I know there is interest in Congress on this issue, and many would like to ensure we do not take significant risks in response to climate projections. I would suggest that not only are we not taking such risks, but we are working to minimize the risks posed by future climate changes through prudent planning and analysis.

First, it is important to understand that DoD looks at climate change impacts through the lens of its mission. In the QDR, we refer to climate change as a "threat multiplier" because it has the potential to exacerbate many of the challenges we are dealing with today – from infectious disease to terrorism.

My focus, however, is on installations and infrastructure. Sea-level rise results in degradation or loss of coastal areas and infrastructure, as well as more frequent flooding and expanding intrusion of storm surge across our coastal bases. Facilities and transportation infrastructure are already impacted by thawing permafrost and melting sea ice around our Alaskan installations. The changing environment increases the threat to 400 threatened or endangered species our installations are home to, leading to increased probability of training and operating restrictions. Increased high-heat days impose limitations on what training and testing activities our personnel can perform. Decreasing water supplies and increased numbers of wildfires in the Southwest may jeopardize future operations at critical ranges.

Our warfighters cannot do their jobs without bases from which to fight, on which to train, or in which to live when they are not deployed. When climate effects make our critical facilities unusable, that is an unacceptable impact.

Even without knowing precisely how the climate will change, we can see that the forecast is for more sea level rise; more flooding and storm surge on the coasts; continuing Arctic ice melt and permafrost thaw; more drought and wildfire in the American Southwest; and more intense storms around the world. DoD is accustomed to preparing for contingencies and mitigating risk, and we can take prudent steps today to mitigate the risks associated with these forecasts. These range from the strategic (DoD's Arctic Strategy) to the mundane (ensuring backup power and computer servers are not in basements where facilities are facing increased flood risk). In 2014, we released the updated DoD Climate Change Adaptation Roadmap, which outlines our strategy for responding to climate change across the Department.

The Military Services have conducted initial studies that indicate critical installations in the West could run out of water within decades. Not only do we need to begin reducing this risk today, but we need to comprehensively review our installation footprint to identify similarly vulnerable

installations. We are conducting a screening level assessment of all DoD sites world-wide to identify where we are vulnerable to extreme weather events and tidal anomalies today. This assessment will be completed later this year and will inform the Military Services more comprehensive assessments of individual site adaptation needs.

Given the projected increases in major storm events, we've conducted a review of power resilience. We did a comprehensive review of all installations to ensure critical capabilities have been identified, and have back-up power resources that have been tested and will work when there is a significant outage.

We have reviewed Department-level directives, instructions and manuals to identify where considerations of climate change should be incorporated. We are continuing to update those policies and programs that provide the foundation of the Department's actions to ensure we are considering the effects of a changing climate on our investments and actions. It's not necessarily exciting to change a master planning policy, but when we decide to build on higher ground, it reduces the risk to those new facilities and is a wiser use of taxpayer funds.

Our research continues on the effects of thawing permafrost on our Alaskan infrastructure, Southwestern extreme heat, Gulf and Atlantic coast sea level rise risks, and water issues in the Pacific islands.

In conclusion, our goal is to increase the Department's resilience to the impacts of climate change. To achieve this goal, we are dealing with climate change by taking prudent and measured steps to reduce the risk to our ability to conduct missions.

### **Conclusion**

Thank you for the opportunity to present the President's FY 2016 budget request for DoD programs supporting installations, energy, and the environment. As I have outlined above, our request is significantly more than last year because the total defense budget request is \$35 billion more than the Budget Control Act cap for Fiscal Year 2016. That translates into a significant reduction in facilities risk from last year, but if we are compelled to return to the budget caps, that reduction in risk will evaporate.

We appreciate Congress' continued support for our enterprise and look forward to working with you as you consider the FY 2016 budget.

## STATEMENT OF MS. HAMMACK

Mr. DENT. Ms. Hammack.

Ms. HAMMACK. Chairman Dent, Ranking Member Bishop, and other members of the committee, thank you for the opportunity to discuss the Army's 2016 military construction budget.

The velocity of instability in the world has increased. The Army is now operating on multiple continents simultaneously in ways unforeseen a year ago. And although we believe we can meet the primary missions of the defense strategic guidance today, our ability to do so has become tenuous.

Fiscal challenges brought on by the Budget Control Act strain our ability to bring into balance readiness, modernization, and end strength. And even as demand for Army forces is growing, budget cuts are forcing us to reduce end strength and base support to dangerously low levels.

We face a mismatch between requirements and resources available.

Although in 2016 the Army is asking for a 26 percent increase from 2015 for military construction, family housing, and base closure activities, our \$1.6 billion request is a 33 percent reduction from fiscal year 2014 and a 55 percent reduction from fiscal year 2013.

And while the Army energy programs have reduced energy consumption by 17 percent over the last 10 years, our costs have gone up more than 45 percent. Dedicated efforts over the last 3 years have produced some leveling off of costs.

We executed \$320 million in energy-saving performance contracting projects last year through partnering with the private sector. And the Army's program is a model for many federal agencies.

Also working with the private sector partners, we have over 400 megawatts of renewable energy projects under development. All of these projects generate power on Army installations at or below the cost of conventional energy.

But we know as force structure declines we must right-size our supporting infrastructure. We must achieve a balance between the cost of sustaining infrastructure and Army readiness.

Degraded readiness makes it more difficult for us to provide for the common defense. The BCA increases risk for sending insufficiently trained and under-equipped soldiers into harm's way, and that is not a risk our nation should accept.

We need a round of base closure and realignment in 2017. Without a BRAC and the realized cost savings, the only alternative is to make up for shortages in base funding by increasing risk in readiness.

As Mr. Conger mentioned, we conducted a facility capacity analysis based on our 2013 audited real property and determined excess capacity will be 18 percent when we reach a force of 490,000. As we shrink further, to a force of 450,000, more excess capacity is created.

We must size and shape Army facilities for the forces we support.

The European Infrastructure Consolidation review addressed excess capacity in Europe. For the Army, an investment of \$363 mil-

lion results in annual savings of \$163 million, which is less than a 3-year payback.

We are now facing critical decisions which will impact our capability and capacity for the next decade. It is important that we make the right decisions now. Without the savings from a BRAC round, the risk is that our installations will experience larger cuts than would otherwise occur.

We look forward to working with Congress to ensure the Army is capable of fulfilling its many missions. So on behalf of the soldiers, families, and civilians, and the best Army in the world, thank you for the opportunity to discuss the Army's 2016 needs, and I look forward to your questions.



## Biography

Department of the Army



### **Honorable Katherine Hammack**

Assistant Secretary of the Army  
(Installations, Energy & Environment)  
Office of the Assistant Secretary of the  
Army  
Washington, DC

Ms. Katherine Hammack, was appointed as the Assistant Secretary of the Army for Installations, Energy and Environment (ASA IE&E) by President Obama on 28 June 2010. She is the primary advisor to the Secretary of the Army and Chief of Staff of the Army on all Army matters related to Installation policy, oversight, and coordination of energy security and management. She is also responsible for sustainability and environmental initiatives; resource management including design, military construction, operations and maintenance; base realignment and closure (BRAC); privatization of Army family housing, lodging, real estate, utilities; and the Army's installations safety and occupational health programs.

#### **Work Experience**

Prior to assuming her current position, Ms. Hammack was a member of Ernst & Young LLP's Climate Change and Sustainability Services practice. In that capacity, she assisted clients with obtaining LEED green building certification for their buildings and identification of sustainability strategies. She served as the key LEED advisor to the largest LEED for new construction building in the world (8.3 million sq ft) which received LEED-NC Silver certification. She was also the key LEED advisor on the largest existing green building certification for building operation and maintenance (9.6 million sq ft) which received LEED-EB Gold level certification.

Prior to joining Ernst & Young, Ms. Hammack was a marketing manager for a large electric utility, product manager for a major air-conditioning manufacturer and international sales manager for a scientific instrumentation company. She has experience with green buildings, energy efficiency strategies, demand side management programs, marketing electricity in deregulated markets, and energy efficiency services.



**Education/Degree Programs**

- Master of Business Administration, University of Hartford
- Bachelor of Science in Mechanical Engineering, Oregon State University

**Awards/Honors/Certifications**

- Certified Energy Manager, LEED Accredited Professional and a Certified Indoor Air Quality Manager
- Active member of ASHRAE, where she has been on the 90.1 energy efficiency standard committee and was on the Standard 189 High performance green buildings standard committee
- Past president of the Arizona chapter of ASHRAE
- Founding and past president of the Arizona chapter US Green Building Council
- Founding member of US Green Building Council in Washington, D.C.

**Special Skills**

- Over 30 years of experience in energy and sustainability advisory services
- Experience in the evaluation of energy conservation projects, including ventilation upgrades, air distribution, indoor air quality, lighting efficiency, cogeneration, sustainable design, solar energy and building operation
- Served as a consultant to the White House on the “Greening” of the White House and Executive Office Building where she led the group focused on Indoor Environmental Quality issues

**RECORD VERSION**

**STATEMENT BY**

**THE HONORABLE KATHERINE G. HAMMACK  
ASSISTANT SECRETARY OF THE ARMY  
(INSTALLATIONS, ENERGY, AND ENVIRONMENT)**

**BEFORE THE**

**SUBCOMMITTEE ON MILITARY CONSTRUCTION  
AND VETERANS AFFAIRS, AND RELATED AGENCIES  
COMMITTEE ON APPROPRIATIONS  
UNITED STATES HOUSE OF REPRESENTATIVES**

**FIRST SESSION, 114TH CONGRESS**

**ON THE FISCAL YEAR 2016  
MILITARY CONSTRUCTION, ARMY  
MILITARY CONSTRUCTION, ARMY NATIONAL GUARD  
MILITARY CONSTRUCTION, ARMY RESERVE  
ARMY FAMILY HOUSING  
AND  
BASE REALIGNMENT AND CLOSURE  
BUDGETS**

**MARCH 3, 2015**

**NOT FOR PUBLICATION UNTIL RELEASED BY  
THE HOUSE APPROPRIATIONS COMMITTEE**

## **INTRODUCTION**

Chairman Dent, Ranking Member Bishop, and Members of the Committee, on behalf of the Soldiers, Families, and Civilians of the United States Army, thank you for the opportunity to present the Army's Fiscal Year (FY) 2016 military construction (MILCON) and installations programs budget request.

The Army installation management community is committed to providing the facilities necessary to enable a ready and capable Army. The President's FY 2016 MILCON budget request supports a regionally-engaged Army in a fiscally-constricted environment.

We ask for the Committee's continued commitment to our Soldiers, Families, and Civilians and support for the Army's MILCON and installations programs.

## **OVERVIEW**

The President's FY 2016 budget requests \$1.6 billion for Army MILCON, Army Family Housing (AFH), and Base Closure Accounts (BCA). This request represents 1.3 percent of the total Army budget request. Of this \$1.6 billion request, \$743 million is for Military Construction, Army; \$197 million is for Military Construction, Army National Guard; \$114 million is for Military Construction, Army Reserve; \$493 million is for AFH; and \$30 million is for BCA.

The Army's facility investments are focused on supporting necessary training, maintenance, and operations facilities. These investments take into consideration the fiscal landscape we are facing as a Nation, which is influenced by the Budget Control Act of 2011, the Bipartisan Budget Agreement of 2013, and the strategic shift to realign forces toward the Asia/Pacific theater.

## **ARMY FORCE STRUCTURE**

Fiscal reductions required by current law, and outlined in the 2014 Quadrennial Defense Review, have put the Army on a path to shrink our active component end

strength and corresponding force structure a second time from a peak of 570,000 in FY 2010, to 450,000 by FY 2017. This is a total reduction of 120,000 active component Soldiers, approximately 22 percent. If sequestration level cuts are imposed in FY 2016 and beyond, the Army may have to reduce our end strength and corresponding force structure to 420,000 Soldiers by FY 2019. This is a cumulative reduction of 150,000 Soldiers, approximately 26 percent.

These reductions will affect every installation in the Army. The Army must retain our adaptability and flexibility so we can continue to provide regionally-aligned and mission-tailored forces in support of national defense requirements. Failing to maintain the proper balance between end-strength, readiness, and modernization will result in a "hollow" Army. The Army is already reducing our active component from 45 Brigade Combat Teams (BCTs) to 32 by the end of FY 2015.

When we evaluated our initial force structure reductions from 570,000 to 490,000 Soldiers, we conducted a Programmatic Environmental Assessment (PEA), which was prepared in accordance with the National Environmental Policy Act (NEPA). The PEA analyzed potential environmental impacts that could result from the force reductions, including socioeconomic impacts at specified population loss thresholds. Since the Army's active component end-strength and corresponding force structure will decline further than 490,000 to 450,000 by FY 2017, the Army initiated a supplemental PEA (SPEA) analysis in February 2014 to analyze additional potential population loss scenarios that accounted for the impacts of full sequestration and Budget Control Act funding levels in FY 2016 and beyond. Following publication of the SPEA, the Army is in the process of conducting approximately 30 community listening sessions at all Army installations with military and civilian populations of 5,000 or more. The community listening sessions give communities an opportunity to contribute feedback that will be taken into consideration by Army leaders before decisions are made on force structure reductions for specific installations.

## **FACILITY CAPACITY ANALYSIS**

As the Army reorganizes to address these reductions, we must gauge the facility capacity and facility mix that we require to support a ready and resilient Army. We have begun conducting a facility capacity analysis to determine how much excess capacity will be created at the aggregate or enterprise level by the decrease in our end strength and corresponding force structure.

We have conducted programmatic analyses of real property needed to support an end-strength and corresponding force structure of 490,000 active component Soldiers. Results show that with 490,000 active component Soldiers, we will have nearly 18 percent excess capacity across our worldwide installations, totaling over 160 million square feet of facilities that could be repurposed to serve a wide variety of other uses (including satisfying other Army facility requirements). Inside the United States, excess capacity ranges between 12 and 28 percent, depending on facility category group, with an average of approximately 18 percent.

The Army estimates it costs \$3 per square foot each year to maintain underutilized facilities. Accordingly, it costs the Army over \$480 million a year to operate and sustain worldwide excess capacity. Additional excess capacity will be created when the active component shrinks further, necessitating incremental facility capacity analyses.

In January 2013, the Secretary of Defense directed a thorough review of European infrastructure requirements. This effort is consistent with the Congressional direction communicated in the Fiscal Year 2014 National Defense Authorization Act. In May 2014, the first set of decisions resulting from the European Infrastructure Consolidation (EIC) analysis was released. The Secretary of Defense approved 22 actions, 13 of which were Army actions. Many of these actions had been underway prior to EIC, yet they were formally reevaluated and found to be wholly consistent with the intent of EIC: to reduce excess infrastructure and associated operating costs, without sacrificing operational capabilities.

In January 2015, the Department of Defense announced 26 additional decisions, 20 of which were Army actions, which resulted from a rigorous analytic method that

adapted elements of the Base Closure and Realignment (BRAC) process to an overseas environment. This analysis included a Capacity Analysis, a Military Value Analysis, and a structured Scenario Development and Evaluation process. The Army is now nearing completion of fully developed and coordinated business plans to ensure these decisions are implemented between 2016 and 2020, in a manner that conforms to the Secretary of Defense's guidance and achieves both the projected savings and infrastructure reductions.

The 33 Army EIC actions will significantly reduce our infrastructure in Europe at a considerably faster pace than previously envisioned. They are projected to yield Annual Recurring Savings of \$163 million by Fiscal Year 2021 after implementation costs of \$358 million are incurred between Fiscal Year 2014 and 2020.

The use of BRAC methods and tools to evaluate our European infrastructure was helpful in building expertise and proficiency that will help prepare the Army for a future BRAC Round. Moreover, the rigor of the analysis helped to demonstrate that DoD has reduced, or identified for reduction, all that it can overseas, and must now seek reductions within the United States, for which new BRAC authority is essential. This authority is needed to eliminate excess, balance infrastructure and force structure, and operate within projected fiscal constraints. DoD and the Army have the tools and authorities needed to identify and reduce our excess capacity overseas. Inside the United States, however, the best and proven method to address excess infrastructure, in a cost-effective, transparent, and equitable manner, is through the BRAC process.

Our evaluation of European infrastructure followed the BRAC analytic methods and laid the foundation for the next round of BRAC. BRAC is a proven, fair, and cost effective process; the savings have been validated by the Government Accountability Office (GAO). Similar to our EIC effort, the Army is committed to a future BRAC round that is focused on efficiency and consolidation rather than transformation.

The Army needs BRAC to achieve savings of a sufficient magnitude to prevent the deterioration of our critical infrastructure. As the Army's end-strength and force structure decline alongside available funding, hundreds of millions of scarce dollars will be wasted in maintaining underutilized buildings and infrastructure. Trying to spread a

smaller budget over the same number of installations and facilities will inevitably result in rapid declining conditions of Army facilities.

The Army has used existing authorities to vacate leased space and move from temporary buildings into permanent buildings. For example, at Fort Campbell, Kentucky, when the Fourth BCT of the 101st Airborne Division was inactivated, it resulted in 228 facility reallocation moves affecting 5 different Brigades. At the end of the process, Fort Campbell vacated and removed 91 relocatable buildings consisting of over 200,000 Square Feet.

As laudable as the Fort Campbell efficiency measures have been, however, the stark budgetary reality is that modest savings from these prudent efficiency measures cannot substitute for the significant savings of a new BRAC round. The cost of running a garrison is relatively fixed, regardless of whether the supported population is reduced by 10, 20, or 40 percent. The Army must continue to evaluate, balance, and right-size the diverse and extensive supporting infrastructure that enables our effective fighting forces. BRAC is the only proven authority that allows the Army to achieve this balance, reduce costs, and achieve the necessary savings.

For many communities near our installations, BRAC is better than proceeding with the reduction of force structure and excess capacity under current law. It provides the impacted communities a chance to conduct comprehensive redevelopment planning with federal resources to assist them. It also can provide the community additional property conveyance options. Neither the Army nor the supporting communities benefit from retaining underutilized installations that are unaffordable for the Army with diminished economic benefit to the community.

#### **FACILITY INVESTMENT STRATEGY (FIS)**

As the Army shapes the Force of 2025 and Beyond through a series of strategic initiatives, the Installation Management Community continues to focus on providing quality, energy-efficient facilities in support of the Army Leadership priorities.

The FIS provides a strategic framework that is synchronized with the Army Campaign Plan (ACP); Total Army Analysis; and the Planning, Programming, Budgeting

& Execution (PPBE) to determine capital investment needed to sustain Army facilities at installations and Joint Service bases across the country. The FIS is a cost-effective and efficient approach to facility investments that reduces unneeded footprint, saves energy by preserving efficient facilities, consolidates functions for effective space utilization, demolishes failing buildings, and uses appropriate excess facilities to eliminate off-post leases.

FIS uses MILCON funding to replace failing facilities and build out critical facility shortages; Operation and Maintenance (O&M) funding to address the repair and maintenance of existing facilities; O&M Restoration and Modernization (R&M) funding to improve existing facility quality; O&M Sustainment funding to maintain existing facilities; and Demolition and Disposal funding to eliminate failing excess facilities. Focused investments from MILCON and O&M funding support facilities grouped in the following categories: Redeployment/Force Structure, Barracks, Revitalization, Ranges, and Training Facilities. The FY 2016 budget request implements the FIS by building out shortfalls for unmanned aerial vehicle units, Army Cyber, initial entry training barracks, selected maintenance facilities, and reserve component facilities. Additional departmental focus areas include Organic Industrial Base and Energy/Utilities.

#### **FY 2016 BUDGET REQUEST**

##### **MILITARY CONSTRUCTION, ARMY**

The FY 2016 Military Construction, Army (MCA) budget requests an authorization of \$609 million and appropriations for \$743.2 million. The appropriations request includes \$134.2 million for planning and design, minor military construction, and host nation support. The MCA program is focused on the MILCON categories of Army Cyber, Barracks, Revitalization, Ranges and Training Facilities, and Other Support Programs.

Of the \$743.2 million, \$90 million will be spent on Army Cyber. The FY 2016 MCA budget requests a Command and Control Facility for the recently-established



Army Cyber Command (ARCYBER) and Joint Forces Headquarters Cyber at Fort Gordon, Georgia.

Of the \$743.2 million, \$56 million will be spent on Barracks. As part of the Army's continued investment in barracks, the FY 2016 MCA budget provides for one project to complete a Reception Barracks Complex at Fort Sill, Oklahoma, which includes 254 barracks spaces and company operations facilities for Initial Entry Training (IET) Soldiers during their in-processing.

Of the \$743.2 million, \$397.6 million will be spent on Revitalization. As part of the Army's Facility Investment Strategy, the Army is requesting eight projects to address failing facilities and/or critical facility shortfalls to meet the unit mission requirements. Projects include the \$43 million Homeland Defense Operation Center at Joint Base San Antonio, Texas; a \$70 million Waste Water Treatment Plant at West Point, New York; a \$37 million Instruction Building at Joint Base Myer-Henderson Hall, Virginia; a \$85 million Powertrain Facility (Infrastructure/Metal) at Corpus Christi Army Depot, Texas; a \$98 million replacement of Pier #2 at the Military Ocean Terminal Concord, California; a \$7.8 million Physical Readiness Training Facility at Fort Greely, Alaska; a \$5.8 million Rotary Wing Taxiway at Fort Carson, Colorado; and a \$51 million Vehicle Maintenance Shop at Grafenwoehr Training Area, Germany.

Of the \$743.2 million, \$65.4 million will be spent on Ranges and Training Facilities. These funds will be invested to construct a Non-Commissioned Officer (NCO) Academy at Fort Drum, New York (\$19 million) as well as two new Training Support Facilities. These facilities are located at Fort Sill, Oklahoma (\$13.4 million) and Fort Lee, Virginia (\$33 million) to meet Program of Instruction (POI) training requirements for Soldiers, Non-Commissioned Officers and Junior Officers undergoing Military Occupational Specialty training.

Of the \$743.2 million, \$134.2 million will be spent on Other Support Programs. This includes \$73.2 million for planning and design of MCA projects, \$36 million for the oversight of design and construction of projects funded by host nations, and \$25 million for unspecified minor construction.

**MILITARY CONSTRUCTION, ARMY NATIONAL GUARD**

The FY 2016 Military Construction, National Guard (MCNG) budget requests an authorization of \$132.1 million and appropriations for \$197.2 million. The appropriations request includes \$35.3 million for planning and design and minor military construction and \$29.8 million for previously-authorized projects at Dagsboro, Delaware (\$10.8 million) and Yakima, Washington (\$19 million). The MCNG program is focused on the readiness centers, maintenance facilities, training facilities, ranges and barracks.

Of the \$197.2 million, \$88.3 million will be spent on Readiness Centers. The FY 2016 budget request includes five readiness centers: Palm Coast, Florida (\$18 million); Easton, Maryland (\$13.8 million); Salem, Oregon (\$16.5 million); Richmond, Virginia (\$29 million); and Camp Hartell, Connecticut (\$11 million). The readiness centers include new facilities as well as expansions/alterations to existing facilities. The projects primarily address space shortfalls and replacement of obsolete facilities. In one case, the project will eliminate the need to continue leasing a facility. The new readiness centers will enhance the Army National Guard's readiness to perform state and federal missions.

Of the \$197.2 million, \$26.7 million will be spent on Maintenance Facilities. Three National Guard maintenance shops are included in the request. The Dagsboro, Delaware facility (\$10.8 million) addresses shortfalls in interior space, privately-owned vehicle parking, and military vehicle parking. A project in North Hyde Park, Vermont (\$7.9 million) adds space to an existing facility that only has 22 percent of the required space. One final addition/alteration project is located in Reno, Nevada (\$8 million) and will address space shortfalls and modernize the existing facility.

Of the \$197.2 million, \$16 million will be spent on Training Facilities. At Fort Indiantown Gap, Pennsylvania, a new training aids center (\$16 million) replaces a deteriorated World War Two-era facility and other temporary storage.

Of the \$197.2 million, \$11.9 million will be spent on Ranges. The Army National Guard's request contains four range projects. Two range projects are located in Salina, Kansas and consist of an automated combat pistol/military police firearms qualification course (\$2.4 million) and a modified record fire range (\$4.3 million). Both of these

ranges are necessary in order to meet current training range criteria and achieve the required throughput. The range project at Camp Ravenna, Ohio, a modified record fire range (\$3.3 million), will provide needed capacity for unit training. In Sparta, Illinois a basic firing range (\$1.9 million) will address the lack of this type of facility in south central Illinois.

Of the \$197.2 million, \$19 million will be spent on Barracks facilities. At Yakima, Washington, a new transient training barracks (\$19 million) addresses a shortfall in space and quality.

Of the \$197.2 million, \$35.3 million will be spent on Other Support Programs. The FY 2016 Army National Guard budget request includes \$20.3 million for planning and design of future year projects and \$15 million for unspecified minor military construction.

#### **MILITARY CONSTRUCTION, ARMY RESERVE**

The FY 2016 Military Construction, Army Reserve (MCAR) budget requests an authorization of \$88.2 million and appropriations for \$113.6 million. The appropriations request includes \$16.1 million for planning and design and minor military construction and \$9.3 million for a previously-authorized project at Starkville, Mississippi.

Of the \$113.6 million, \$97.5 million will be spent on Revitalization. The FY 2016 Army Reserve budget request includes five projects that build out critical facility shortages and replace and modernize failing infrastructure and inefficient facilities with new operations and energy efficient facilities. The Army Reserve will construct three new reserve centers in Riverside, California; MacDill AFB, Florida; and Starkville, Mississippi that will provide modern training classrooms, simulations capabilities, and maintenance platforms that support the Army force generation cycle and the ability of the Army Reserve to provide trained and ready soldiers for Army missions when called. The Starkville, Mississippi project was authorized in the FY 2015 National Defense Authorization Act, but no funds were appropriated. In Conneaut Lake, Pennsylvania the Army Reserve, through the Defense Access Road Program, will improve an access

road leading to an Army Reserve Local Training Area and maintenance facilities. The request also includes a new vehicle maintenance facility at Orangeburg, New York.

Of the \$113.6 million, \$16.1 million will be spent on Other Support Programs. The FY 2016 Army Reserve budget request includes \$9.3 million for planning and design of future year projects and \$6.8 million for unspecified minor military construction to address unforeseen critical needs.

### **ARMY FAMILY HOUSING**

The Army's FY 2016 AFH budget requests \$493.2 million for construction and housing operations worldwide. The AFH inventory includes 10,614 government-owned homes, 4,984 government-leased homes, and 86,077 privatized-homes. The Army has privatized over 98 percent of on-post housing assets inside the United States. All Army overseas Family housing quarters are either government-owned or government-leased units.

Of the \$493.2 million, \$85.8 million will be spent on Operations. The Operations account includes four sub-accounts: management, services, furnishings, and a small miscellaneous account. Within the management sub-account, Installation Housing Services Offices provide post housing, non-discriminatory listings of rental and for-sale housing, rental negotiations and lease review, property inspections, home buying counseling, landlord-tenant dispute resolution, in-and-out processing housing assistance, and assistance with housing discrimination complaints and act as a liaison between the installation and local and state agencies. In addition, this account supports remote access to housing information from anywhere in the world with direct information or links to garrison information such as schools, relocation information, installation maps, housing floor plans, photo and housing tours, programs and services, housing wait list information, and housing entitlements.

Of the \$493.2 million, \$65.6 million will be spent on Utilities. The Utilities account includes the cost of delivering heat, air conditioning, electricity, water, and wastewater support for owned or leased (not privatized) Family housing units.

Of the \$493.2 million, \$75.2 million will be spent on Maintenance and Repair. The Maintenance and Repair account supports annual recurring projects to maintain and revitalize AFH real property assets and is the account most affected by budget changes. This funding ensures that we appropriately maintain the 10,614 housing units so that we do not adversely impact Soldier and Family quality of life.

Of the \$493.2 million, \$144.9 million will be spent on Leasing. The Army Leasing program is another way to provide Soldiers and their Families with adequate housing. The FY 2016 budget request includes funding for 575 temporary domestic leases in the US, and 4,409 leased units overseas.

Of the \$493.2 million, \$22 million will be spent on Privatization. The Privatization account provides operating funds for the Army's Residential Communities Initiatives (RCI) program portfolio and asset management and government oversight of privatized military Family housing. The need to provide oversight of the privatization program and projects is reinforced in the FY 2013 National Defense Authorization Act, which requires more oversight to monitor compliance, review, and report performance of the overall privatized housing portfolio and individual projects.

In 1999, the Army began privatizing Family housing assets under the Residential Communities Initiative (RCI). All scheduled installations have been privatized through RCI. RCI Family housing is established at 44 locations – 98 percent of the on-post Family housing inventory inside the United States. Initial construction and renovation investment at these 44 installations is estimated at \$13.2 billion over a 3-14-year initial development period (IDP), which includes an Army contribution of approximately \$2 billion. All IDPs are scheduled to be completed by 2019. From 1999 through 2013, our RCI partners have constructed 31,935 new homes and renovated another 25,834 homes.

Of the \$493.2 million, \$99.7 million will be spent on Construction. The Army's FY 2016 Family Housing Construction request is for \$89 million for new construction, \$3.5 million for construction improvements and \$7.2 million for planning and design. The Army will construct 38 single Family homes at Rock Island Arsenal, Illinois to support Senior Officer and Senior Non-Commissioned Officer and Families. These new homes enable the Army to fully address the housing deficit and to eliminate dependency on

leased housing. The Army will construct 90 apartment quarters on Camp Walker in Daegu, Korea to replace aged and worn out leased units to consolidate Families on post.

#### **BASE CLOSURE ACCOUNT (BCA)**

BRAC property disposal remains an Army priority. Putting excess property back into productive re-use, which can facilitate job creation, is important to the communities in which they are located.

The Army's portion of the FY 2016 BCA budget request totals \$29.7 million. The request includes \$14.6 million for caretaker operations and program management of remaining properties and \$15.1 million for environmental restoration efforts. In FY 2016, the Army will continue environmental compliance and remediation projects at various BRAC properties. The funds requested are needed to keep planned environmental response efforts on track particularly at legacy BRAC installations including Fort Ord, California and Pueblo Chemical Depot, Colorado. Additionally, funds requested support environmental projects at several BRAC 2005 installations including Riverbank Army Ammunition Plant, California; Fort Monmouth, New Jersey; Fort Monroe, Virginia; and Umatilla Chemical Depot, Oregon. The current estimated cost to complete all BRAC environmental cleanup requirements is \$957 million over a period of approximately 30 years.

When the Army sells excess BRAC property, proceeds go back into our Base Closure Account to fund remaining Army environmental and maintenance requirements on our BRAC sites. Sales of Army BRAC property at substantially fair market value help protect programs that support Active, Guard, and Reserve installations.

In total, the Army has disposed of almost 225,000 acres (76 percent of the total acreage disposal requirement of 297,000 acres), with approximately 72,000 acres (24 percent) remaining. The current goal is for all remaining excess property to be conveyed by 2023. Placing this property into productive reuse helps communities rebuild the local tax base, generate revenue, and, most importantly, replace lost jobs.

There is life after BRAC for defense communities. BRAC-impacted communities have leveraged planning grants and technical assistance from the DoD Office of Economic Assistance (OEA), as well as BRAC property disposal authorities, to adjust in ways that are often not possible outside the BRAC process. There are many instances of how BRAC property has been put to new uses; below are three examples.

At Fort Monmouth, transferred property is now in productive re-use. During November 2014, CommVault, a data protection and information software company moved its global headquarters to a portion of the former Fort Monmouth. CommVault moved 500 existing employees and 400 new employees into the new 275,000 square foot facility less than two years after the Army conveyed a 55 acre parcel to the public development authority in consideration for an Economic Development Conveyance under BRAC law. CommVault officials anticipate 2,000 additional employees will be hired upon completion of a 650,000 square foot addition to the 55 acre campus. The company's decision to re-locate and expand at its new location is a major step to establish a technology hub on the former Fort Monmouth.

At Fort Gillem, Kroger, one of the world's largest grocery retailers, will open a one million square foot state-of-the-art distribution center on 253 acres at the former Fort Gillem, creating 120 new jobs and investing more than \$175 million into the former Army and Air Force Exchange Service (AAFES) distribution facility over the next five years. The new jobs will include warehouse, security, transportation management, engineering and facilities management positions. The community anticipates 1,500 new jobs over the next two years and revenues to support critical services for the residents of Forest Park. Like Ft Monmouth, the Army conveyed this property to the Local Redevelopment Authority as an Economic Development Conveyance, receiving \$15 million at closing with an additional \$15 million in structured payments over the next seven years.

The third BRAC example is the US Army Reserve Center #2 in Houston, Texas. This six acre site, including more than 15,000 square feet, was conveyed in August 2012 to the City of Houston under a Department of Justice Public Benefit Conveyance (PBC) for use as a police department. This type of re-use is common across the country whenever the Army closes a Reserve Center.

**ENERGY**

The Army is improving our installation energy use and sustainability efforts. In FY 2016, the Installation Energy budget total is \$1.68 billion. This budget total includes \$45.8 million from the DoD-wide MILCON appropriation for the Energy Conservation Investment Program (ECIP), \$150.1 million for the Energy Program/Utilities Modernization Program, and \$1.48 billion for Utilities Services. The Army conducts financial reviews, business case and life cycle cost analysis, and return on investment evaluations for all energy initiatives.

Of the \$1.68 billion, \$45.8 million will be spent on the Energy Conservation Investment Program (ECIP). The Army invests in energy efficiency, on-site small-scale energy production, and grid security through the DoD's appropriation for ECIP. In FY 2014, the DoD began conducting a project-by-project competition to determine ECIP funding distribution to the Services. In FY 2016, the Army received \$45.8 million for seven projects, including six energy conservation projects and one renewable energy project.

Of the \$1.68 billion, \$150.1 million will be spent on Energy Program/Utilities Modernization. Reducing consumption and increasing energy efficiency are among the most cost-effective ways to improve installation energy security. The Army funds many of its energy efficiency improvements through the Energy Program/Utilities Modernization program account. Included in this total are funds for energy efficiency projects, the Army's metering program, modernization of the Army's utilities, energy security projects, and planning and studies. In addition, this account funds planning and development of third party financed renewable energy projects through the Office of Energy Initiatives (OEI). The OEI currently has 14 projects completed, under construction, in the procurement process, or in the final stages before procurement with a potential of over 400 Mega Watts (MW) of generation capacity. Power purchased in conjunction with OEI projects will be priced at or below current or projected installation utility rates.



Of the \$1.68 billion, \$1.48 billion will be spent on Utilities Services. The Utilities Services account pays all Army utility bills including the repayment of Utilities Privatization (UP), Energy Savings Performance Contracts (ESPCs), and Utilities Energy Service Contracts (UESCs). Through the authority granted by Congress, ESPCs and UESCs allow the Army to implement energy efficiency improvements through the use of private capital, repaying the contractor for capital investments over a number of years out of the energy cost savings. The Army has the most robust ESPC program in the Federal government. The ESPC program has more than 200 Task Orders at 78 installations, representing \$1.68 billion in private sector investments, and over 370 UESC Task Orders at 47 installations, representing \$583 million in utility sector investments. We have additional ESPC projects in development, totaling over \$300 million in private investment and \$60 million in development for new UESCs. From December 2011 through December 2014, under the President's Performance Contracting Challenge, the Army executed \$725 million in contracts with third-party investment using ESPCs and UESCs.

## **ENVIRONMENT**

The Army's FY 2016 budget provides \$1.1 billion for Environmental Programs in support of current and future readiness. This budget supports legally-driven environmental requirements under applicable Federal and State environmental laws, binding agreements, and Executive Orders. It also promotes stewardship of the natural resources that are integral to our capacity to effectively train our land-based force for combat.

This budget maintains the Army's commitment to acknowledge the past by restoring Army lands to a useable condition and by preserving cultural, historic and Tribal resources. It allows the Army to engage the present by meeting environmental standards that enable Army operations and protect our Soldiers, Families, and communities. Additionally, it charts the future by allowing the Army to institutionalize best practices and technologies to ensure future environmental resiliency.

**SUSTAINMENT/RESTORATION & MODERNIZATION (R&M)**

This year's FY 2016 sustainment funding is \$2.9 billion or 80 percent of the DoD Facilities Sustainment Model (FSM) requirement for all the Army components. Due to this lower level of sustainment funding, we are accepting a level of risk in degraded facilities due to deferred maintenance. Our facility inventory is currently valued at \$299 billion.

In keeping with the FIS, the Army continues to invest in facility restoration through O&M R&M currently budgeted for \$562 million. Our focus is to restore trainee barracks, enable progress toward energy objectives, and provide commanders with the means of restoring other critical facilities. The Army's demolition program has been increased by 46 percent to \$42.2 million, which increases the rate at which we are removing failing excess facilities. Facilities are an outward and visible sign of the Army's commitment to providing a quality of life for our Soldiers, Families, and Civilians that is consistent with their commitment to our Nation's security.

**BASE OPERATIONS SUPPORT**

The Army's FY 2016 Base Operations Support (BOS) request is \$9.2 billion in support of leadership's commitment to provide quality of life to our Soldiers, Civilians, and Families that is commensurate with their service. The FY 2016 BOS funding request represents a 10 percent reduction compared to FY 2014 full year execution (including OCO authorized in support of Base Budget). It should be noted that the FY 2016 BOS budget reflects a 6 percent increase above the FY 2015 BOS-enacted level (\$8.7 billion), demonstrating senior leadership's desire to address installation readiness. Although the Military and Civilian workforce is being reduced, the number of installations remains the same. Balancing the BOS funding across 154 installations world-wide stresses the Army's ability to provide a safe training environment and a respectable quality of life on our installations. The Army will continue to be fiscally challenged to meet the demands of our installation communities.

The Army remains committed to our Family programs and continues to evaluate these services in order to maintain relevance and effectiveness. Ensuring the resiliency of our Soldiers and Families is the priority of programs such as Army Substance Abuse Program, Soldier Family Assistance Centers, and Suicide Prevention.

Given fiscal realities, the Army continues to evaluate programs to fully optimize resources by eliminating redundant or poorly performing programs and making tough decisions to adjust service levels and then manage expectations. We continue to seek internal efficiencies/tradeoffs as our fiscal environment forces the internal realignment of BOS funds to support these Army priorities.

Budget uncertainties are producing real life consequences in training and installation readiness, as well as the local community. Current funding requires installations to scale back or cancel service contracts that employ people in local communities and requiring installations to work with commanders to use special duty assignments to support installation services and programs (e.g., installation security, transportation, vehicle and range maintenance, POL and Ammo handling).

Without a reduction in the number of installations, the Army will be forced to sacrifice quality of life programs at the expense of maintaining excess capacity. The cumulative effect of funding reductions over the years harm the overall quality of life on our installations and adjoining communities as the Army realigns our Military and Civilian population and reduces supporting service program contracts across the garrisons.

#### **INTERGOVERNMENTAL SUPPORT AGREEMENTS**

The Army is implementing an overarching strategy to incorporate Intergovernmental Support Agreements (IGSAs) as authorized in the FY2013 NDAA, Section 331 (codified as 10 U.S.C. § 2336). The clarification included in the FY 2015 NDAA facilitates the Army's ability to enter and participate in public-public partnerships. The Department of the Army issued an Execution Order to Army Commands in August of 2013 with initial guidance. Installations have identified 96 IGSA concepts, three of which have been submitted to Army headquarters for approval. These initial proposals

will assist the Army to develop a standardized process for identifying, evaluating and approving IGSAs. Further guidance is being developed from the clarifications provided last year.

## **CONCLUSION**

The Army's FY 2016 installations management budget request is a balanced program that supports the Army as we transition from combat and supports our Soldiers, Families, and Civilians while recognizing the current fiscal conditions.

The Army's end-strength and force structure are decreasing consistent with the 2014 QDR. At 450,000 active component Soldiers, we have evidence that the Army will have well over 18 percent excess capacity. The Army needs the right tools to right size our capacity. Failure to reduce excess capacity will divert hundreds of millions of dollars per year away from critical training and readiness functions.

The European Infrastructure Consolidation Assessment (EIC) has been extremely successful. It shows that the combination of our Army BRAC-based Infrastructure Analysis and the already robust strategic plans effort of the U.S. Army in Europe prepare us to meet the challenges of the future. The European Infrastructure Consolidation results demonstrate the Army's commitment to seek greater efficiencies and ensure we are focusing resources where they can have the greatest effect. The resulting actions ensure, even in the context of a challenging fiscal environment, that we are ready and able to defend U.S. interests and meet our commitment to our Allies now and in the future.

BRAC is a proven and fair means to address excess capacity. BRAC has produced net savings in every prior round. On a net \$13 billion investment, the BRAC 2005 round is producing a net stream of savings of \$1 billion a year. In this case, BRAC 2005 is producing a 7.7 percent annual yield. That is a successful investment by any definition. A future round of BRAC is likely to produce even better returns on investment. We look forward to working with Congress to determine the criteria for a BRAC 2017 round.

Thank you for the opportunity to appear before you today and for your continued support for our Soldiers, Families, and Civilians.

## STATEMENT OF MR. MCGINN

Mr. DENT. Thank you. Mr. McGinn.

Mr. MCGINN. Chairman Dent, Ranking Member Bishop, members of the committee, thank you for the opportunity to appear before the committee today to provide an overview of the Department of the Navy's investment in shore infrastructure and shore readiness.

But as I begin, I want to inform the subcommittee that the restoration of the Naval Sea Systems Command headquarters building at the Washington Navy Yard, supported last year by your very swift reprogramming approval, is complete and staff began returning on the 2nd of February.

The speed and quality of the renovation and the support by all involved, especially the Congress and this committee, has allowed the Naval Sea Systems Command team to continue their important mission while caring for their employees through this difficult time.

Thank you. We are recovering, we are resilient, but we will not forget.

World events of 2014 demonstrate the complex and unpredictable nature of our times. From the rise of the Islamic State, an emboldened Russian Federation, the outbreak of the Ebola virus in Africa, the Navy and Marine Corps team has been on station forward as America's first responders, operating around the clock and around the world. Our installations provide the backbone of support for our maritime forces that enable our forward presence.

Our nation's Navy and Marine Corps team must have the ability to sustain and project power, effect deterrence, and provide humanitarian assistance and disaster relief whenever, wherever, and for however long needed to protect the national security interests of the United States. Yet, fiscal constraints introduce additional complexity and challenges as our department strives to strike the right balance between resources, risk, and strategy.

The President's budget for fiscal year 2016 requests \$13.3 billion to operate, maintain, and recapitalize our shore infrastructure and readiness. This is an increase of \$1.5 billion from the amounts that were appropriated in fiscal year 2015, but still remains below the DOD goal for facility sustainment.

On the question of risk and reduced investment, we are funding the sustainment, restoration, and modernization of our facilities at a level that arrests the immediate decline in the overall condition of our most critical infrastructure. By deferring less critical repairs, however, especially for noncritical facilities, we do acknowledge that we are allowing certain facilities to degrade.

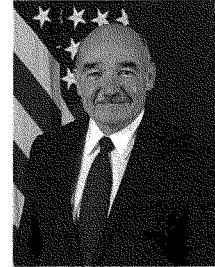
However, this budget has us headed back in the right direction, clearly. Last year's budget risks, if continued into the future, would have led to rapid degradation of overall shore establishment readiness.

I look forward to working with you to sustain the warfighting readiness of our Navy and Marine Corps team and look forward to answering your questions. Thank you.



**Assistant Secretary of the Navy**  
(Energy, Installations and Environment)

**THE HONORABLE DENNIS V. MCGINN**  
**9/3/2013 – Present**



Mr. Dennis McGinn was appointed Assistant Secretary of the Navy (Energy, Installations & Environment) on September 3, 2013. In this position, Mr. McGinn develops Department-wide policies, procedures, advocacy and strategic plans. He also oversees all Department of the Navy functions and programs related to installations, safety, energy, and environment. This includes effective management of Navy and Marine Corps real property, housing, and other facilities; natural and cultural resource protection, planning, and compliance; safety and occupational health for military and civilian personnel; and timely completion of closures and realignments of installations under base closure laws.

Mr. McGinn is the former President of the American Council On Renewable Energy (ACORE), an organization dedicated to building a secure and prosperous America with clean, renewable energy. While at ACORE, he led efforts to communicate the significant economic, security and environmental benefits of renewable energy. Mr. McGinn is also a past co-chairman of the CNA Military Advisory Board and an international security senior fellow at the Rocky Mountain Institute.

In 2002, after 35 years of service, Mr. McGinn retired from the Navy after achieving the rank of Vice Admiral. While in the Navy, he served as a naval aviator, test pilot, aircraft carrier commanding officer, and national security strategist. His capstone assignment was as the Deputy Chief of Naval Operations for Warfare Requirements and Programs, where he oversaw the development of future Navy capabilities. In a previous operational leadership role, he commanded the U.S. Third Fleet.

Mr. McGinn is a past member of the Steering Committee of the Energy Future Coalition, the United States Energy Security Council, and the Bipartisan Policy Center Energy Board. He earned a B.S. degree in Naval Engineering from the U.S. Naval Academy; attended the national security program at the Kennedy School of Government, Harvard University; and was a Chief of Naval Operations strategic studies fellow at the U.S. Naval War College.

*Updated: 12 February 2014*

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SUBCOMMITTEE ON MILITARY CONSTRUCTION  
HOUSE APPROPRIATIONS COMMITTEE

**STATEMENT OF**

THE HONORABLE DENNIS V. MCGINN

ASSISTANT SECRETARY OF NAVY  
(ENERGY, INSTALLATIONS, AND ENVIRONMENT)

BEFORE THE

SUBCOMMITTEE ON MILITARY CONSTRUCTION,

VETERANS AFFAIRS, AND RELATED AGENCIES

of the

HOUSE APPROPRIATIONS COMMITTEE

03 MARCH 2015

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Chairman Dent, Ranking Member Bishop, and members of the Subcommittee, I am pleased to appear before you today to provide an overview of the Department of the Navy's (DoN's) investment in its infrastructure and energy programs.

**Toward a More Secure Future**

The world events of 2014 demonstrate the complex and unpredictable nature of our times. From the rise of the Islamic State, an emboldened Russian Federation, and the outbreak of the Ebola virus, the Navy-Marine Corps team has been on station as America's "first responders", operating around the clock and around the world. Our Navy and Marine Corps must be manned, trained, and equipped to deter and respond to geo-political crises and natural events wherever, whenever, and however they occur.

Our installations provide the backbone of support for our maritime forces, enabling their forward presence. Last year's budget, while conforming to the spending caps imposed by the Bipartisan Budget Act of 2013, would have led to rapid degradation of shore establishment readiness if continued into the future. In contrast, the DoN's President's Budget Request for Fiscal Year 2016 (PB 2016) makes progress toward achieving a more sustainable investment profile, with a 50 percent increase in military construction funding and nearly 30 percent in the Facilities Sustainment, Restoration and Modernization accounts. This increased funding enables the Department to meet the 6 percent statutory investment in our shipyards, aviation fleet readiness centers, and depots and will accomplish the critical maintenance on other facilities that have been deferred. We're making investments in safety and quality of life projects, too, but this progress assumes the Department will not be held to the discretionary budget caps.

**Investing in Our Infrastructure**

**Overview** In FY 2016, the Department is requesting \$13.3 billion in various appropriations accounts, an increase of \$1.5 billion from amounts appropriated in FY 2015 to operate, maintain and recapitalize our shore infrastructure. These investments will enable the Department to support the three pillars upon which the 2014 Quadrennial Defense Review (QDR) is based: *protect the homeland, build security globally; project*

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power and win decisively. Figure 1 provides a comparison between the FY 2015 enacted budget and the PB 2016 request by appropriation.

	FY 2015 enacted (\$M)	PB 2016 (\$M)	Delta (\$M)	Delta (%)
Military Construction, Active + Reserve	1,136	1,705	569	50.1%
Family Housing, Construction	16	17	0	0.6%
Family Housing Operations	354	353	-1	-0.3%
BRAC <sup>1</sup>	140	157	17	12.1%
Sustainment Restoration & Modernization (O&M) <sup>2</sup>	2,356	3,052	696	29.5%
Base Operating Support <sup>2</sup>	7,546	7,748	202	2.7%
Environmental Restoration, Navy	277	292	15	5.4%
<sup>1</sup> Prior funds will also support FY2015 BRAC activities				
<sup>2</sup> Includes OCO				
<b>TOTAL</b>	<b>11,825</b>	<b>13,324</b>	<b>1,498</b>	<b>12.7%</b>

Figure 1: DoN Infrastructure Funding by Appropriation

**Protecting the Homeland** Together, the Navy and Marine Corps will invest over \$250 million domestically in military construction funds to upgrade or modernize utilities and critical infrastructure that will ensure continuity of operations in the event of man-made or natural disasters. In Georgia, the Navy would upgrade the electrical distribution and supporting communications network at Kings Bay that haven't been substantially modified since 1997. At its logistics base in Albany, the Marine Corps will replace an aging and degraded heating and ventilation system that has exceeded its useful life. In Washington State, a \$34 million project would complete the waterfront restricted area at Naval Submarine Base, Bangor, ensuring the security of our strategic weapons arsenal.

We're making investments to protect and be good stewards of our natural environment, too. At its Recruit Depot in Parris Island, South Carolina, the Marine Corps will construct additional safety berms at its ranges to retain expelled rounds and thereby protecting the adjacent sensitive wetlands from copper and lead contamination. At the Naval Magazine in Indian Island, Washington, the Navy will provide shore power to an ammunitions pier, replacing leased generators that now run under operationally limiting

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air permits. And, unrelated to the broader issue of rebalancing forces to the Asia-Pacific Region, the Navy will correct deficiencies in the storm water and waste water systems in Guam, resolving an outstanding Notice of Violation issued by the Environmental Protection Agency.

**Building Global Security** The FY 2016 budget request supports global security by strengthening our international partnerships and enhancing our defense posture abroad. Fulfilling the U.S. commitment to our NATO allies regarding the Phased Adaptive Approach to European ballistic missile defense, we will construct an interceptor site in Redzikowo, Poland, complementing the one we're building in Romania. We have enduring interests in the Middle East and the Gulf region. In Bahrain, the pier replacement and ship maintenance support facility projects included in this budget request will enable our forces to respond swiftly to emerging threats.

We will also continue to rebalance our force structure to the Asia-Pacific region and this budget request includes funding to support the arrival of new aviation assets to Marine Corps Base Kaneohe, Hawai'i and Japan. Additionally, the DoN budget request provides \$126 million to construct a live-fire training range complex in Guam that will support current and future training needs of the Marine Corps and our allied partners. Finally, DoD, through its Office of Economic Adjustment, is requesting an additional \$20 million to supplement the amount of \$106 million previously appropriated—and the associated authority—to continue improvements to Guam's civilian water and wastewater infrastructure necessary to support the Marine relocation.

Guam, and the relocation of Marines to this island, remains an essential part of the United States' larger Asia-Pacific strategy of achieving a more geographically distributed, operationally resilient and politically sustainable force posture in the region. The Department appreciates the removal of the restrictions from the National Defense Authorization Act for FY 2014, as well as the language in section 2822 in the National Defense Authorization Act for FY 2015 permitting the Navy to enter into a Refuge agreement with the US Fish and Wildlife Service. Together, these provisions will allow us to move forward on the essential Guam component of our Pacific force laydown plan.

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Last July we provided Congress with our revised Guam Master Plan. Under this plan, also referred to as “the distributed laydown,” approximately 5,000 Marines and 1,300 dependents will come to Guam versus the original plan that had considered approximately 8,600 Marines and 9,000 dependents. The estimated cost, scope, and schedule for the military construction and Government of Japan funded projects necessary to carry out the revised plan were detailed in the Guam Master Plan. In the next year the Government of Japan will commit \$176 million to construct a Driver Convoy Course and a complex for Urban Terrain Range Operations at Anderson South. To date we have received in our Treasury almost \$1 billion in Japanese funding toward completion of the relocation. This in itself is indeed a strong statement of the Japanese commitment to the relocation.

***Projecting Power*** The advanced capabilities of our ships and aircraft help make us the most effective expeditionary fighting force in the world and these weapons systems and platforms require facilities and infrastructure capable of supporting them. The FY 2016 budget request will provide hangars and mission control facilities to accommodate our increasing deployment of and dependence on unmanned aerial systems such as the Navy’s Triton and the Marine Corps’ “Blackjack.” As the Navy continues its transition from the Orion P-3 maritime patrol aircraft to the Poseidon P-8s, we will build hangars and other necessary facilities to enable their deployment to Hawai’i and Signonella, Italy. Finally, the Navy will construct supporting facilities for the Littoral Combat Ships homeported in San Diego, California and Mayport, Florida. Together, these investments will increase our ability to collect intelligence, conduct surveillance, reconnaissance and targeting—extending our reach and enabling us to prevail in anti-access and area-denial regions.

**Investing in Our People**

***Overview*** The strength of our Navy-Marine Corps team lies not only in advanced weaponry or faster, stealthier ships and aircraft. Our naval forces derive their greatest strength from the Sailors and Marines who fire the weapon, operate and maintain the machinery, or fly the plane, and from the families and civilians supporting them. We

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continue to provide the best education, training, and training environments available so our forces can develop professionally and hone their warfighting skills. Providing quality of life is a determining factor to recruiting and retaining a highly professional force. To this end, we strive to give our people access to high-quality housing, whether government-owned, privatized, or in the civilian community, that is suitable, affordable, and located in a safe environment.

***Training and Education*** Of the \$1.7 billion request for military construction, the Navy and Marine Corps together have programmed almost \$190 million in operational and technical training facilities, including the live-fire training range complex in Guam. Of the remaining projects, the majority support aviation training for a variety of manned and unmanned aircraft, including the Joint Strike Fighter, E2D Hawkeye, KC130 tankers, MH60 and CH53 helicopters, and the Triton. Finally, the Marine Corps will construct a Reserve Center that will support the training requirements of an amphibious assault unit that is relocating from Little Creek to Dam Neck, Virginia.

***Unaccompanied Housing*** The Navy plans to make \$117.6 million in operations & maintenance-funded repairs to its bachelor housing inventory, focusing on the barracks in the worst condition. This is a three-fold increase in the amount of funds programmed in FY 2015. Additionally the Navy's budget request includes two projects that will recapitalize inadequate (Q4) barracks at Naval Air Station Pensacola, Florida and at Naval Air Station, Patuxent River, Maryland. The Marine Corps completed programming of its substantial investment in unaccompanied housing in FY 2012, although several are in various stages of construction. The arrival of new aviation squadrons at Marine Corps Base Hawai'i will increase personnel base loading and in response, the FY 2016 budget request includes funds to construct a new barracks and improve our Marines' quality of life.

***Family Housing*** The Department continues to rely on the private sector as the primary source of housing for Sailors, Marines, and their families. When suitable, affordable, private housing is not available in the local community, the Department relies on

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government-owned, privatized, or leased housing. The FY 2016 budget request of \$370 million supports Navy and Marine Corps family housing operation, maintenance, and renovation requirements. Of this amount, \$11.5 million will revitalize government owned homes at Marine Corps Air Station Iwakuni, Japan and Wallops Island, Virginia.. The budget request also includes \$260.2 million for the daily operation, maintenance, and utilities expenses of the military family housing inventory.

To date, over 62,000 Navy and Marine Corps family housing units have been privatized through the Military Housing Privatization Initiative. As a result, the Department has leveraged its resources to improve living conditions for the majority of Sailors, Marines, and their families. The Department has programmed \$28.7 million to provide oversight and portfolio management to ensure the Government's interests in these public/private ventures remain protected and quality housing continues to be provided to military families.

***Safety Workforce Initiative:*** The safety workforce reform initiative is already in progress supporting over 750,000 personnel serving the Department in diverse, complex and evolving missions across the globe. The Naval Safety program is pressing forward on two key fronts: people and technology. To do this, the Department is recruiting, hiring and developing its safety professionals to ensure we employ the right people at the right place at the right time. Concurrently, we are expanding our global online training resources to ensure the Naval Safety workforce exceeds best practices found throughout industry.

Steps toward expanding the knowledge base of our safety workforce have yielded positive results. During FY 2014 global online safety training increased 65 percent from previous years with savings in administrative costs and the equivalent of 1,720 workdays of productivity gained. The same was true for the Annual Joint Safety Professional Development Conference (PDC). As a result of the FY 2013 sequester, we offered the PDC as a "virtual" conference. "Web" attendance doubled actual attendance over previous years, with an approval rating reaching 97 percent, and an overall cost saving to the government in excess of \$2.2 million.

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Finally, the Department is in the process of acquiring a system of commercial off-the-shelf information technology tools that will revolutionize our tireless fight to reach our objective of zero mishaps – the only ethically acceptable goal if we are to keep faith with our magnificent Sailors and Marines. The Risk Management Information initiative comprises a streamlined mishap reporting system, data base consolidation, state-of-the-art analytical innovations, and sophisticated data collection and distribution capabilities that will allow us to ascend above explaining mishaps after the fact and begin predicting and preventing them before they occur.

**Managing Our Footprint**

**Overview** It has long been a basic tenet that the Department of Defense should own or remove from public domain only the minimum amount of land necessary to meet national security objectives. The Department is grateful for the Congressional land withdrawals during 2013 and 2014. These withdrawals allow the Department to continue vital testing and training in California at China Lake, Twentynine Palms, and the Chocolate Mountains Range. The FY 2016 budget request includes funds to modernize and expand Townsend Bombing Range in Georgia. This project will allow pilots based on the East Coast to train using precision guided missiles without having to travel to the Bob Stump Training Complex in Arizona and California.

**Base Closure and Realignment (BRAC)** The Department of the Navy (DoN) fully supports the Administration's request to authorize a single round of BRAC in 2017. The Base Realignment and Closure process continues to offer the best opportunity to objectively assess and evaluate opportunities to properly align our domestic infrastructure with our evolving force structure and laydown. Under the previous BRAC efforts, the Navy has been able to realize approximately \$4.4 billion in annual recurring savings.

We appreciate the support of the Congress in providing additional FY 2015 funds for environmental cleanup at BRAC properties. For FY 2016, the Department has programmed \$157 million to continue cleanup efforts, caretaker operations, and property disposal. By the end of FY 2014, we disposed of 93 percent of our excess property identified in previous BRAC rounds through a variety of conveyance mechanisms with

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approximately 12,710 acres remaining. Of the original 131 installations with excess property, the Navy only has 17 installations remaining with property to dispose. Here are several examples of what we were able to achieve last year:

In the San Francisco Bay Area, the Department completed the transfer of 624 acres at Naval Station Alameda to the Department of Veterans Affairs under a no-cost transfer that will ultimately support an outpatient clinic, a National Cemetery, and office space. The Department also completed radiological surveys of over 700 residential housing units at Naval Station Treasure Island, most of which are under lease to the City of San Francisco. Additionally, the Department and the Treasure Island Development Authority signed a Development Conveyance that will allow initial property transfers to begin in FY 2015.

We reduced our overall number of BRAC installations by four last year completing final disposals at Naval Support Activity New Orleans, LA, Naval Air Station Cecil Field, FL and Navy~Marine Corps Reserve Centers in Akron, OH and Reading, PA.

The balance of the property at the remaining installations will be disposed as we complete our environmental remediation efforts, which we project to be \$1.1 billion (FY 2016 and beyond) with nearly 50 percent of the costs attributed to long-term operations and monitoring of remedies already in place. The major program cost drivers are low-level radiological waste and munitions cleanup.

Although cleanup and disposal challenges from prior BRAC rounds remain, we continue to work with regulatory agencies and communities to tackle complex environmental issues and provide creative solutions to support redevelopment priorities, such as Economic Development Conveyances with revenue sharing.

***Compatible Land Use*** The Department of the Navy has an aggressive program to promote compatible use of land adjacent to our installations and ranges, with particular focus on limiting incompatible activities that affect the Navy and Marine Corps' ability to operate and train, and protecting important natural habitats and species. This includes the Air Installation Compatible Use Studies and Range Air Compatible Use Studies that are provided by Installations to nearby or adjacent communities to encourage consideration



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of the noise contours in their comprehensive development plans. A key element of the program is Encroachment Partnering, which involves cost-sharing partnerships with states, local governments, and conservation organizations to acquire interests in real property adjacent and proximate to our installations and ranges.

The Department is grateful to Congress for providing funds for the DoD Readiness and Environmental Protection Integration (REPI) Program. Since 2005, DoN has acquired restrictive easements on approximately 73 thousand acres around Navy and Marine Corps installations. We are poised to purchase restrictive easements over additional lands using funds appropriated this year for the REPI program and are developing projects for future funding.

#### ***Protecting Our Environment***

**Overview** The Department is committed to environmental compliance, stewardship and responsible fiscal management that support mission readiness and sustainability, investing over \$1 billion across all appropriations to achieve our statutory and stewardship goals. The funding request for FY 2016 is about 1.7 percent more than enacted in FY 2015, as shown in Figure 2:

Category	FY 2015 (\$M)	PB 2016 (\$M)	Delta (\$M)	Delta (%)
Conservation	89	86	-3	-3.4%
Pollution Prevention	30	29	-1	-3.3%
Compliance	504	485	-19	-3.8%
Technology	29	37	8	27.6%
Active Base Cleanup (ER,N)	277	292	15	5.4%
BRAC Environmental	127	145	18	14.2%
<b>TOTAL</b>	<b>1,056</b>	<b>1,074</b>	<b>18</b>	<b>1.7%</b>

Figure 2: DON Environmental Funding by Program

The Department continues to be a Federal leader in environmental management by focusing our resources on achieving specific environmental goals, implementing efficiencies in our cleanup programs and regulatory processes, proactively managing emerging environmental issues, and integrating sound policies and lifecycle cost considerations into weapon systems acquisition to achieve cleaner, safer, more energy-efficient and affordable warfighting capabilities.

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***Partnering for Protection*** – In FY 2016 we will focus on environmental planning for at-sea training in the Pacific Northwest and the Gulf of Alaska, and on Combined Joint Military Training in the Marianas Islands. The Department has been partnering with the National Marine Fisheries Service (NMFS) over the past two years to improve the regulatory process and reduce the cost of obtaining authorizations for at-sea testing and training. We are exploring mutually agreeable recommendations with NMFS which could reduce the time and cost of preparing environmental planning documentation and securing permits, while ensuring the continued protection of marine mammals.

We are also leading Federal efforts in the Pacific islands to standardize and implement biosecurity plans for military actions. The importance of effective biosecurity is demonstrated by the recent infestation of the Coconut Rhinoceros Beetle in Hawai'i. The Department, in cooperation with US Department of Agriculture and State of Hawai'i, has taken important steps to help eradicate this destructive insect that was initially discovered at the International Airport and quickly spread to Joint Base Pearl Harbor-Hickam. The Department is also partnering with the state of North Carolina and non-governmental organizations on recovery of the Red Cockaded Woodpecker and expanding training capabilities at Marine Corps Base Camp Lejeune, and with the Bureau of Ocean Energy Management on sharing marine mammal science on the east coast. Working together we can save money and achieve better results.

***Fueling Combat Capabilities***

***Overview*** The Department of the Navy's Energy Program has two central goals: (1) enhancing Navy and Marine Corps combat capabilities, and (2) advancing energy security afloat and ashore. Partnering with other government agencies, academia and the private sector, we strive to meet these goals with the same spirit of innovation that has marked our history—new ideas delivering new capabilities in the face of new threats.

***Enhancing Combat Capabilities*** Our naval forces offer us the capability to provide presence – presence to deter potential conflicts, to keep conflicts from escalating when they do happen, and to take the fight to our adversaries when necessary. Presence means

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being in the right place, not just at the right time, but all the time; and energy is key to achieving that objective. Using energy more efficiently allows us to go where we're needed, when we're needed, stay there longer, and deliver more firepower when necessary.

Improving our efficiency and diversifying our energy sources also saves lives. During the height of operations in Afghanistan, we were losing one Marine, killed or wounded, for every 50 convoys transporting fuel into theater. That is far too high a price to pay. Reducing demand at the tip of the spear through energy efficiency and new technologies takes fuel trucks off the road.

***Improving Energy Security and Resilience*** We need to make smart investments to ensure our shore installations stay up and running because installations, like our shipyards, are central to our forward operations. That means maintaining and upgrading our utility infrastructure and getting smarter about how we're using electricity. It means managing our electricity demand to take stress off the grid and decrease outages. And it means investing in things like advanced batteries, fuel cells, and solar panels so we increase our resilience in the face of natural events or future threats like cyber attacks that affect the electric grid.

In 2014, the Department executed an agreement through our Renewable Energy Program Office to buy renewable energy produced from a 17 megawatt solar array located across three Navy and Marine Corps installations in Hawai'i. That agreement includes the ability for us to draw power from the solar panels even when the grid goes down. Not only does this project enhance our energy security, it will save us money on our electric bills, too. We also awarded a \$13 million Energy Savings Performance Contract for Webster Field, an outlying annex of Naval Air Station Patuxent River in southern Maryland. The contract will provide for ground source heat pumps, lighting retrofits, and various other energy conservation measures that are projected to virtually eliminate the need for shore fossil fuel, reducing energy consumption by 38 percent in the first year of performance.

More recently, we entered into a lease with Duke Energy for just over 80 acres on Camp Lejeune for development of 17 megawatts of renewable electric power for the

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North Carolina grid to meet renewable portfolio standards. Electricity will be made available to meet the base's contingency energy requirements under the agreement.

***Strategic Investments to Fuel the Future*** As we look to the future, we have to make smart investments that preserve operational flexibility. The private sector, including major airlines like United and Cathay Pacific, is diversifying its fuel supply through the use of alternative fuels. Our program to test and certify emerging alternative fuels is critical for us to keep pace with those developments maintain interoperability with the private sector.

Under a Presidential Directive, the Department of the Navy has also worked with the Departments of Energy and Agriculture to promote the growth of a domestic biofuel industry. In September 2014, the Department of Defense (DoD), under the authority provided by the Defense Production Act, provided funds to three companies supporting the construction and commissioning of biofuel refineries to produce cost competitive, drop-in biofuels. The total of \$210 million in government commitments to those companies is expected to be matched by nearly \$700 million in private investment. The three refineries are planned to have a combined annual production capacity of more than 100 million gallons of advanced drop-in alternative fuel.

It is important to point out that neither Defense Logistics Agency (DLA) Energy (through which the Navy buys operational fuels) nor the Navy is under any obligation to purchase alternative fuels from any company – including the three that received DPA awards. In fact, Section 316 of the FY2015 NDAA requires that drop-in alternative fuels be cost competitive with traditional fuels (unless waived by the Secretary of Defense). That requirement is consistent with DoD and DoN policy

**Conclusion**

Our Nation's Navy-Marine Corps team operates globally, having the ability to project power, effect deterrence, and provide humanitarian aid whenever and wherever needed to protect the interests of the United States. The Department's FY 2016 request supports critical elements of the 2014 Defense Quadrennial Review by making needed

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investments in our infrastructure and people; preserving access to training ranges, afloat and ashore, and promoting energy resiliency and security.

Thank you for the opportunity to testify before you today, I look forward to working with you to sustain the war fighting readiness and quality of life for the United States Navy and Marine Corps, the most formidable expeditionary fighting force in the world.

## STATEMENT OF MS. BALLENTINE

Mr. DENT. Thank you. Ms. Ballentine.

Ms. BALLENTINE. Chairman Dent, Ranking Member Bishop, and esteemed members of the committee, I appreciate the opportunity to testify before you today to discuss the Air Force's fiscal year 2016 military construction, housing, and BRAC requests. And I thank you for your support in giving the Air Force much-needed relief in 2014 and 2015 from untenable sequestration levels.

Without Budget Control Act relief in fiscal year 2016, the risk assumed to Air Force infrastructure could have sober impacts to mission readiness. The Air Force strives to ensure that our airmen have ready installations, resilient environmental infrastructure, and reliable energy.

As of today I have been on the job for 135 days. I have visited 10 bases in those 22 weeks, and I have looked at hundreds of facilities where our aircraft are maintained, our airmen work, and our military families live.

From these travels I can tell you there is more we can do to improve the affordability and viability of our installations, which today are simply too big, too old, and too expensive. The Air Force has about 30 percent excess infrastructure capacity, as Mr. Conger alluded to earlier.

Our facilities have an average age of 40 years old, many much older. In fact, about a quarter are over 50 years old.

And if you combine excess infrastructure with aging buildings, the bottom line is our buildings and our facilities are just simply too costly to operate.

The fiscal year 2016 budget that the Air Force is requesting allows us to begin to chip away at the backlog of infrastructure recapitalization that has contributed to the degradation of our combat readiness.

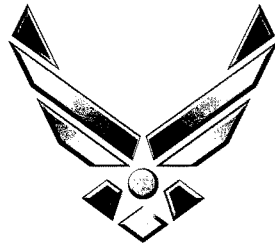
Our \$1.6 billion fiscal year 2016 MILCON request is more than 65 percent higher than last year's budget, and these funds really support a three-pillar strategy to MILCON funding: first, supporting combatant commanders' requests, and that is just about 20, 21 percent of the budget; second, aligning with the secretary of the Air Force's key priorities—nuclear, space, and cyber, which together account for about 17 percent of our MILCON request; and third, balancing MILCON for today's readiness with MILCON to bed down our modernized weapon systems, at about 26 percent and 16 percent respectively.

We have also requested about \$168 million for dorms and other quality of life projects.

Chairman Dent, Ranking Member Bishop, members of the subcommittee, thank you for the opportunity to represent America's airmen today, and I ask for your full support of the Air Force's fiscal year 2016 request. And I look forward to your questions.

## United States Air Force

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### Presentation

Before the House Appropriations  
Subcommittee on Military Construction  
and Veterans Affairs

### ***Military Construction, Housing, and BRAC***

Witness Statement of  
Ms. Miranda A. A. Ballentine,  
Assistant Secretary of the Air Force  
(Installations, Environment, and Energy)

March 3, 2015

March 3, 2015



## BIOGRAPHY



UNITED STATES AIR FORCE

### MIRANDA A. A. BALLENTINE

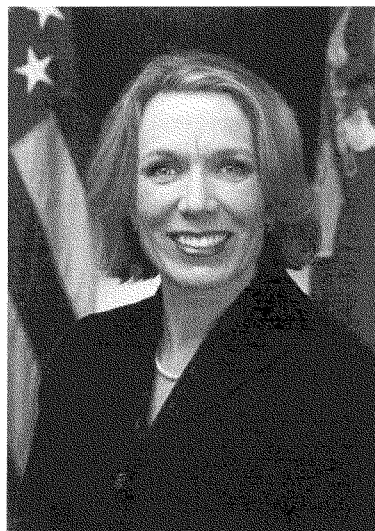
Miranda A.A. Ballentine is the Assistant Secretary of the Air Force for Installations, Environment, and Energy, Headquarters U.S. Air Force, the Pentagon, Washington, D.C. Ms. Ballentine is responsible for the oversight, formulation, review and execution of plans, policies, programs and budgets for installations, energy, environment, safety and occupational health.

Prior to assuming her current position, Ms. Ballentine served as the Director of Sustainability for Global Renewable Energy and Sustainable Facilities at Walmart Stores, Inc. In this role, she developed and executed global strategies to reduce operating expenses in over 10,000 facilities in over 25 countries. Through acceleration of renewable energy, energy efficiency, and sustainability, Ms. Ballentine identified over \$1 billion in potential annual expense reductions and 9 million metric ton of potential avoided greenhouse gas emissions.

Prior to joining Walmart, Ms. Ballentine was Vice President for Investor Analysis and Chief Operating Officer at David Gardiner & Associates, where she informed multi-million dollar investment decisions by analyzing companies' off-balance sheet risks and opportunities, including climate and energy programs, environmental management, labor relations, diversity, and corporate governance.

Ms. Ballentine previously served as the chair of the World Economic Forum's Global Growth Action Alliance's Renewable Energy Working Group, as well as a number of non-profit boards, including the Sustainability Consortium's External Relations Committee; the NetImpact Corporate Advisory Council; and the George Washington University's Institute for Sustainability Research, Education, and Policy Advisory Board.

In 2013, Ms. Ballentine was selected by the World Economic Forum for membership in its Forum of Young Global Leaders. Ms. Ballentine also serves as a guest lecturer at a number of national business schools, including Duke University, University of North Carolina, and George Washington University.





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March 3, 2015**EDUCATION**

1996 Bachelor of Science Degree in Psychology, Colorado State University, Magna cum Laude

2004 Master of Business Administration in Environmental Management and Policy and International Business,  
George Washington University

**CAREER CHRONOLOGY**

1. 2001 – 2004, Operations Director, Solar Electric Light Fund, Washington, D.C.
2. 2003 – 2008, Vice President of Investor Analysis and Chief Operation Officer, David Gardiner & Associates, LLC, Washington, DC.
3. 2008 – 2014, Director of Sustainability for Renewable Energy and Sustainable Buildings, Walmart, Washington, D.C.
4. 2014 – present, Assistant Secretary of the Air Force for Installations, Environment, and Energy

(Current as of October 2014)

**Introduction**

The Air Force's fiscal year 2016 (FY16) President's Budget (PB) request sets us on the path to meeting the defense strategy as set forth in the 2014 Quadrennial Defense Review (QDR) through strategy-based long-term resourcing decisions. This budget submission is rooted in necessity and is based upon our long-term strategy and vision to provide ready installations supporting the Secretary and Chief of Staff of the Air Force's three priorities of balancing today's readiness with tomorrow's modernization, taking care of our people, and making every dollar count to help ensure we can maintain and field a credible and affordable future force.

The Air Force's FY16 PB sets us on a path to provide the Air Force America deserves. However, even at the FY16 PB level, the Air Force remains stressed to meet the defense strategy. If sequestration funding levels return in FY16, the Air Force will not be able to meet the defense strategy, nor sustain its asymmetric advantage over potential peer competitors. Additionally, these levels will cause continued degradation of infrastructure and installation support. The AF would expect a reduction in Military Construction funding resulting in reduced support to COCOMs, reduced funding to upgrade the nuclear enterprise and support new weapons systems beddown, and elimination of permanent party dormitories from the FY16 budget request. Additionally, the AF would expect similar reductions in FY16 facility sustainment, restoration and modernization funding, forcing AF priority on day to day facility maintenance at the expense of much needed facility repairs.

Our unequalled security, economic, and political advantages, depends on investment in an Air Force that is able to easily succeed against any competitor, in any environment. In order to ensure a trained and ready force, along with the facilities and support to maintain the capabilities required to engage in a full range of contingencies and threats, at home and abroad, the Air Force needs to make smart investments in its installations through military construction (MILCON) and facility sustainment.

**Installations**

Ready installations are an integral part of ensuring a ready Air Force. The Air Force views its installations as foundational platforms comprised of both built and natural infrastructure which: (1) serve as the backbone for Air Force enduring core missions - it delivers air, space and cyberspace capabilities from our installations; (2) send a strategic message to both allies and adversaries - they signal commitment to our friends, and intent to our foes; (3) foster partnership-building by stationing our Airmen side-by-side with our Coalition partners; and (4) enable worldwide accessibility when our international partners need our assistance, and when necessary to repel aggression. Taken together, these strategic imperatives require us to provide efficiently operated, sustainable installations to enable the Air Force to support the 2014 QDR.

In its Fiscal Year 2015 President's Budget request, the Air Force attempted to strike the delicate balance between a ready force for today with a modern force for tomorrow while also recovering from the impacts of sequestration and adjusting to budget reductions. To help achieve that balance, the Air Force elected to accept risk in installation support, MILCON, and facilities sustainment in FY15. However, in its FY16 request, the Air Force begins to ameliorate the impacts of that risk by increasing funding for installations in all three of the areas noted above.

In total, the Air Force's FY16 PB request is \$1.9 billion more than our Fiscal Year 2015 President's Budget request and contains \$4.8 billion for MILCON, facility sustainment, restoration and modernization, as well as another \$331.2 million for Military Family Housing operations and maintenance and \$160.5 million for Military Family Housing Construction. For sustainment, it requests \$2.4 billion; for restoration and modernization, \$850 million; and for military construction, it requests \$1.59<sup>1</sup> billion. At these levels, the Air Force funds Facilities Sustainment to 80 percent of the OSD modeled requirement. The increase in MILCON begins to revitalize infrastructure recapitalization while

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<sup>1</sup> \$1.59 billion is the Total Force funding request including Active, Guard and Reserve

maintaining support to Combatant Commander (COCOM) requirements, weapon system beddowns, the nuclear enterprise, and provides equitable distribution of \$203.8 million to the Reserve components.

**Readiness**

The Air Force FY16 PB request seeks to balance readiness for today's fights, while also modernizing our infrastructure for the future. The Air Force's FY16 budget proposes investments in infrastructure to meet the priorities set in the 2014 QDR and Combatant Commanders' stated readiness needs in the following areas: nuclear defense operations (NDO); space; cyberspace; intelligence, surveillance and reconnaissance (ISR); and the Asia-Pacific theater.

Our FY16 PB supports Nuclear Enterprise priorities and includes three projects, totaling \$144 million. With this budget submission, the Air Force intends to provide a new state-of-the-art Weapon Storage Facility at F.E. Warren AFB, Wyoming which consolidates 22 aging facilities (some of which have been in service since the 1960s), achieving a 19 percent reduction in facility footprint while addressing security and operational inefficiencies through recapitalization. The Fiscal Year 2016 budget also includes investment to revitalize the Malmstrom AFB, Montana, Tactical Response Force Alert Facilities as well as the Whiteman AFB, Missouri, Consolidated Stealth Operations and Nuclear Alert Facility. Together, these projects will consolidate scattered installation functions, provide adequately sized and configured operating platforms, as well as reduce critical response times to generate alert sorties.

As previously mentioned, "Making every dollar count" is one of the Secretary and Chief of Staff of the Air Force's priorities. Consistent with this, the Air Force focused on FY16 space, cyberspace, and ISR investments. These target areas account for two space, two cyber, and four ISR projects in the proposed FY16 PB, totaling \$172 million. The Air Force continues its multi-year efforts to construct the U.S. Cyber Command Joint Operations Center at Fort Meade, Maryland; strengthen its space posture through information and communication facilities; and enhance ISR readiness with remotely piloted aircraft facilities, intelligence targeting facilities, as well as digital ground stations.

Consistent with the 2014 QDR, the Asia-Pacific Theater remains a focus area for the Air Force where it will make an \$85 million investment in FY16 to ensure our ability to project power into areas which may challenge our access and freedom to operate, and continue efforts to enhance resiliency. Guam remains one of the most vital and accessible locations in the western Pacific. For the past nine years, Joint Region Marianas-Andersen AFB Guam has accommodated a continuous presence of our Nation's premier air assets, and will continue to serve as the strategic and operational center for military operations in support of a potential spectrum of crises in the Pacific.

To further support Pacific Command's strategy, the Air Force is committed to hardening critical structures, mitigating asset vulnerabilities, increasing redundancy, fielding improved airfield damage repair kits and upgrading degraded infrastructure as part of the Asia-Pacific Resiliency program. In 2016, the Air Force plans to construct a hardened Wing Installation Control Center to sustain Guam's remote operations, ensure resiliency with the Dispersed Maintenance Spares and Storage Facility, and continue our efforts to upgrade Guam's South Ramp Utilities, supporting a Continuous Bomber Presence, Tanker Task Force, Theater Security Packages, and Global Hawk beddown. The Air Force also wraps up its development of the Pacific Regional Training Center by constructing a permanent road to support facilities located at Northwest Field. This Regional Training Center will enable mandatory contingency training and enhance the operational capability to establish, operate, sustain, and recover a 'bare base' at forward-deployed locations, and foster opportunities for partnership building in this vitally important area of the world.

This year's President's Budget request also includes \$252 million for additional COCOM requirements extending beyond NDO, space, cyberspace, ISR, and the Asia-Pacific theater. The Air Force continues with phase two of the U.S. European Command Joint Intelligence Analysis Center Consolidation at RAF Croughton, United Kingdom while supporting six other COCOMs. Our total FY16 COCOM support makes up 21% of the Air Force's MILCON request.

**Modernization**

Additionally, the FY16 PB request includes infrastructure investments to support the Air Force's modernization programs, including the beddown of the F-35A, KC-46A, and the Presidential Aircraft Recapitalization efforts. The Air Force's ability to fully operationalize these new aircraft depends not just on acquisition of the planes themselves, but also on the construction of the planes' accompanying hangars, training facilities, airfields and fuel infrastructures funded within this FY16 budget.

This year's President's Budget request includes \$54.5 million for the beddown of the KC-46A at four locations. This consists of \$10.4 million at Altus AFB, Oklahoma, the Formal Training Unit (FTU); \$4.3 million at McConnell AFB, Kansas, the first Main Operating Base (MOB 1); \$2.8 million at Pease International Tradeport Air National Guard Base (ANGB), New Hampshire, the second Main Operating Base (MOB 2); and \$37 million at Tinker AFB, Oklahoma, for KC-46A depot maintenance.

This request also includes \$198.3 million for the beddown of the F-35A at five locations, consisting of \$69 million at Nellis AFB, Nevada; \$56.7 million at Luke AFB, Arizona; \$26.9 million at Hill AFB, Utah; \$37 million at Eielson AFB, Alaska; and \$8.7 million at Eglin AFB, Florida.

In preparation for the Presidential Aircraft Recapitalization acquisition, the Air Force's 2016 budget request also accounts for the planning and design requirements essential to this future beddown. In total, our FY16 request represents a balanced approach ensuring critical infrastructure requirements to meet mission needs and operational timelines.

**People**

During periods of fiscal turmoil, we must never lose sight of our Airmen and their families. Airmen are the source of Air Force airpower. Regardless of the location, the mission, or the weapon system, our Airmen provide the knowledge, skill, and determination to fly, fight and win. There is no better way for us to demonstrate our commitment to service members and their families than by providing quality housing on our installations. We are proud to report that as of September 2013, the

Air Force has privatized its military family housing (MFH) at each of its stateside installations, including Alaska and Hawaii. To date, the Air Force has awarded 32 projects at 63 bases for 53,240 end-state homes.

The Air Force continues to manage approximately 18,000 government-owned family housing units at overseas installations. Our \$331.2 million FY16 Military Family Housing Operations and Maintenance (O&M) sustainment funds request allows us to sustain adequate units, and our \$160.5 million FY16 request for MFH MILCON funds allows us to upgrade and modernize older homes to meet the housing requirements of our Airmen, their families and the Joint service members the Air Force supports overseas.

Similarly, our focused investment strategy for dormitories enables the Air Force to remain on track to meet the DoD goal of 90 percent adequate permanent party dorm rooms for unaccompanied Airmen by 2017. The Fiscal Year 2016 President's Budget MILCON request includes four dormitories at Offutt AFB, Nebraska; Ellsworth AFB, South Dakota; Altus AFB, Oklahoma; and Joint Base San Antonio, Texas. With your support, we will continue to ensure wise and strategic investment in these quality of life areas to provide modern housing and dormitory communities. More importantly, your continued support will take care of our most valued asset, our Airmen and their families.

**European Infrastructure Consolidation (EIC)**

The United States remains committed to NATO and our presence in Europe. The Air Force has invested heavily in its European infrastructure in the last several years in order to ensure it is ready and able to defend U.S. interests and meet its commitment to our Allies now and in the future. At the same time, in the context of a challenging fiscal environment, the Department of Defense recently sought greater infrastructure efficiencies in Europe and to ensure it was focusing resources where they can have the greatest effect.

Two years ago, the Secretary of Defense directed a European Infrastructure capacity analysis to provide the basis for reducing long-term expenses through footprint consolidations, while retaining current and projected force structure. Under OSD direction, the Air Force used previously established Base Realignment and Closure (BRAC) processes to analyze the infrastructure capacity of 128 total sites, including six Main Operating Bases and six Forward Operating Sites in Europe.

In January 2015, the Secretary of the Defense approved the results of the European Infrastructure Consolidation (EIC) process. This process produced eight consolidation opportunities. These opportunities will eliminate excess infrastructure capacity, consolidate missions, and produce savings without reducing force structure. In the United Kingdom, the Air Force will divest of RAF Mildenhall, and will consolidate intelligence and support activities from RAF Alconbury and RAF Molesworth to RAF Croughton. The Air Force also reaffirmed previous decisions to streamline operations at Moron Air Base, Spain, and Lajes Field, Portugal, and returned four small unused facilities back to their respective host nations.

The Air Force European Infrastructure Consolidation opportunities will require approximately \$1.1 billion (FY16 – FY21) to implement, but will enable the Air Force to save \$315 million a year, while still maintaining our readiness and responsiveness capabilities in Europe. Most of the implementation costs will be funded through previously programmed European Infrastructure Consolidation (EIC) funding.

The EIC ensures Air Force installations in Europe are right-sized and at the right location. Our capability in Europe, along with our ability to meet commitments to Allies and partners, is not diminished by these actions. The Air Force is maintaining sufficient infrastructure in Europe to support six Combatant Commands, the North Atlantic Treaty Organization, and U.S. strategic allies through permanently stationed forces, additional rotational forces, and contingency requirements. The EIC



adjustments will allow the Air Force to address emerging concerns in Europe and elsewhere, by focusing resources on critical operational support infrastructure.

We have consulted closely with our allies on our specific plans and the broader security picture. These consolidations, force realignments, and new deployments were validated through the EIC and other processes and approved by the Secretary of Defense, in full coordination with the U.S. State Department, and after discussions with the host nations.

**Closures and Realignments**

Building on the success of the European Infrastructure Consolidation process, the Air Force strongly supports DoD's request for an FY17 BRAC round in the United States.

In FY15 budget discussions, Congress requested that the Services update their analyses of CONUS infrastructure capacity based upon current infrastructure data and current force structure projections.

The Air Force has completed a high-level capacity analysis, comparing current infrastructure capacity to projected force structure and mission requirements. The results of the analysis indicate the Air Force has approximately 30 percent excess infrastructure capacity.<sup>2</sup> This excess capacity results from decreases in Air Force personnel and force structure outpacing reductions in infrastructure. Since the last BRAC round in 2005, the Air Force has 50,000 fewer personnel and 500 fewer aircraft in its planned force structure.

Since the last congressionally directed round of BRAC in 2005, the Air Force has worked diligently to identify new opportunities and initiatives to enable it to maximize the impact of every dollar. We have demolished excess infrastructure, recapitalized our family housing through privatization, unlocked the fiscal potential of under-utilized resources through leasing and partnerships, and reduced our energy costs. All of which have paid dividends. But these efforts are not enough to allow us to continue to fund infrastructure we do not need and pale in comparison to the savings that

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<sup>2</sup> The 30 percent excess infrastructure capacity estimate was calculated using the same approved methodology that has been employed to measure excess infrastructure prior to previous rounds of BRAC.

can be achieved with BRAC authorities.

Despite our best efforts and innovative programs, the Air Force continues to spend money maintaining excess infrastructure that would be better spent recapitalizing and sustaining our weapons systems, training to improve readiness, and investing in the quality of life needs of its Airmen. The Air Force continues to face hard choices between modernization and operational combat capability, and sustaining installation platforms used to conduct its missions. The Air Force recognizes that it achieve its greatest savings when fully divested of unneeded infrastructure, and therefore it strongly supports DoD's requests for another round of BRAC; specifically an efficiency BRAC focused on reducing the Air Force's 30 percent excess infrastructure capacity and ultimately reducing the demand on resources.

**Conclusion**

The Air Force made hard strategic choices during formulation of this budget request. The Air Force attempted to strike the delicate balance between a ready force for today with a modern force for tomorrow while also recovering from the impacts of sequestration and adjusting to budget reductions. Our FY16 PB request begins the recovery of installation and infrastructure investments necessary to meet the defense strategy. Sequestration will halt this recovery. We also must continue the dialogue on right-sizing our installations footprint for a smaller, more capable force that sets the proper course for enabling the Defense Strategy while addressing our most pressing national security issue - our fiscal environment.

In spite of fiscal challenges, we remain committed to our Service members and their families. The privatization of housing at our stateside installations and continued investment in Government housing at overseas locations provide our families with modern homes that improve their quality of life now and into the future. We also maintain our responsibility to provide dormitory campuses that support the needs of our unaccompanied Service members.

Finally, we continue to carefully scrutinize every dollar we spend. Our commitment to continued efficiencies, a properly sized force structure, and right-sized installations will enable us to ensure maximum returns on the Nation's investment in her Airmen, who provide our trademark, highly valued airpower capabilities for the Joint team.

## MILITARY CONSTRUCTION BUDGET

Mr. DENT. Thank you.

And it appears that we are not going to have a vote at the moment. We thought we were, so that is good news.

So we will begin our questions, observing our usual 5-minute rule. So let me just go right to those questions.

First to Secretary Conger, the DOD fiscal year 2016 budget proposes \$8.4 billion for military construction and failing housing. The request is about \$1.9 billion, or almost 29 percent above the fiscal year 2015 requested level.

The majority of the increase is in the military construction account, specifically \$215 million increase in Army construction, \$650 million in Navy and Marine Corps, and \$577 million increase in Air Force construction, and \$309 million increase in Defense-Wide construction. Can you explain to the committee, you know, how the department determined what projects or accounts were to be increased and at what risk to other mission-critical requirements?

Mr. CONGER. Sure. I can start that, but the real answer to the question is “it depends,” and I know that is an unhelpful answer. Generally the requirements are generated at the local level and prioritized through service commands, and then each service has to take a holistic look at its requirements against its facilities’ requirements and decide what it is going to fund.

In an environment where we had more money to allocate and where we had concluded that we were going to be, providing or—a request with a higher dollar level, we were able to accommodate more of those projects. But I think I would defer to my colleagues as far as how specific—how their individual, specific processes worked.

## PREVENTATIVE MAINTENANCE

Mr. DENT. Can I also then—what areas do you see the most risk with sequestration still looming and hanging over our heads?

Mr. CONGER. So in the facilities environment, my reaction would be that facility sustainment is still the place where I see the highest risk. We have a model that outlines the requirement for how much money we should allocate for maintaining our facilities, preventative maintenance, et cetera.

We have an internal policy to try and fund 90 percent of that, and we don’t with this budget. It funds about 81 percent of that requirement—the modeled requirement.

And frankly, last year, when we were in a BBA-driven budget environment, it was much smaller. It was, I think, on the order of 70 percent.

So the problem is is that it is cheaper to do that sort of preventative maintenance than it is to repair critical problems, and it is cheaper to repair critical problems than it is to replace a facility. If you stop funding the preventative maintenance at the front, you are going to suck up all that money with critical repairs and eventually you are going to have to replace the buildings.

## FACILITIES SUSTAINMENT ACCOUNTS

Mr. DENT. And can I ask real quickly too, what was the driving factor for the increase in military constructing funding? And is there a corresponding increase in funding within facilities sustainment accounts to maintain these existing facilities?

Mr. CONGER. I wouldn't say it is a corresponding increase. There is an increase in facility sustainment accounts, but that model is based on existing structure, what we have out there right now; it is not based on any MILCON.

Is there a driving factor for the increase in MILCON? I don't think there is a single one. I think it is more a matter of how individual services prioritize their requirements.

Mr. DENT. And as it relates to sequester, has the department begun any planning or developing a plan B to alleviate sequestration or a process to assist this committee, if necessary, to make reductions below the fiscal year 2016 budget levels? I know it is hard, but if you could be as specific as you can we would appreciate it.

Mr. CONGER. So in other words, do we have a sequester-level budget hidden in the bottom drawer? The answer is no. We haven't done such planning; we don't have such a budget to provide.

## BASE REALIGNMENT AND CLOSURES (BRAC)

Mr. DENT. Okay. And a request to authorize a new round of BRAC in 2017 has been requested in the fiscal year 2016 budget submission. Prior requests for additional BRAC rounds have been unanimously rejected by the Congress. With proposed force structure reductions and consolidation of infrastructure, do you believe a new round of BRAC is necessary, and what do you want us to get out of another BRAC, anyway?

Mr. CONGER. So we look at the next round of BRAC, the one that we keep proposing, as an efficiencies-driven BRAC round. We see there is clear excess. There was excess after the last BRAC round. We have reduced force structure further.

And in such a budget environment as we have and project for the future, we think that it only makes sense to avoid spending money on excess. That is the definition of waste. And so therefore, we think it is prudent and it is good government to do the analysis and identify those savings opportunities.

Mr. DENT. What do you think those savings are?

Mr. CONGER. Pardon?

Mr. DENT. What do you think the potential savings are?

Mr. CONGER. So we have done a projection of a reduction of about 5 percent of our replacement value—roughly 5 percent of our infrastructure. Based on that and based on the execution of previous rounds, we project that we will be able to save on the order of \$2 billion a year recurring from another BRAC round.

Mr. DENT. Thank you.

And I see I am over my time by about 20 seconds, so at this time I yield to the distinguished Ranking Member, Mr. Bishop.

## BRAC ROUND—DRAWDOWN OF FORCES

Mr. BISHOP. Thank you very much.

Secretary Conger, is the budget driving the BRAC round request, or is it the drawdown of forces, or is it both of them? Given the fact that it appears that the world is even more unsafe this year than it was last year, what are we dealing with here?

Are we just trying to live within the fiscal means, or has a readiness assessment been done or a requirements assessment been done? What is really driving it?

Mr. CONGER. We clearly have excess. We have previous studies that demonstrate excess; we have recent studies that demonstrate excess.

We believe we have excess and that it is only responsible to request—

Mr. BISHOP. You have excess in terms of the number of personnel that you have? You have excess—

Mr. CONGER. We have excess capacity at our bases.

Mr. BISHOP [continuing]. In terms of the requirements that the department faces?

Mr. CONGER. We believe we have excess capacity at our bases.

Mr. BISHOP. Pardon me?

Mr. CONGER. Excess capacity at our bases. And that points to the ability to divest excess infrastructure, and therefore to save money.

Now, you asked if it was budget-driven. I want to be clear: During the BRAC process and, frankly, as intrinsic to the BRAC process, individual decisions are made based on military value. Those decisions, in the end, if we pick the right ones, save money.

The reason that we are asking for a BRAC round ultimately is driven by our desire for long-term savings and efficiencies, but the individual decisions that we make are going to be driven by military evaluations and military value decisions.

And if I could, the EIC process that we just went through, the European Infrastructure Consolidation process, is a great example of how this would work, because we used BRAC to test drive, essentially, for a lot of staff who hadn't experienced a BRAC round before, and we did it in Europe.

We made a very clear choice not to reduce any operational capability, not to make decisions that would reduce our ability to deal with a conflict in the region. We were trying to find a way to do the same thing for less money, and that is what drove those recommendations and that process, and we expect the same thing for a BRAC round.

#### SEQUESTRATION IMPACTS

Mr. BISHOP. Starting with the Army, can you highlight, each of you, the severe negative consequences of sequestration on your service's ability to carry out your construction programs?

Ms. HAMMACK. Absolutely, and thank you for the question, Mr. Bishop.

One of the challenges that we have seen with sequestration, as Mr. Conger mentioned, is we have not invested in sustaining our facilities. And so in the Army the results of not investing in sustainment in 2013 and 2014 means that we right now have a \$3 billion maintenance backlog—over 5,500 major work orders for sustaining our facilities.

And as we have seen our facilities degrade, we have seen a 9.3 percent increase in restoration and modernization requirements. And as he mentioned, as you progress if you can't sustain it right then it becomes restoration and modernization. And if you don't get after that soon enough the facility becomes failing.

So right now 7 percent of Army facilities are failing, 24 percent of Army facilities are considered poor. And as we continue to underfund sustainment, we increase MILCON requirements down the road.

Mr. BISHOP. Mr. McGinn.

Mr. MCGINN. I think any reduction from the President's budget request just incurs more risk. An example I can think of from last year—you put things off. You put required maintenance, as Secretary Hammack pointed out, you put off military construction projects that you know you need but you have to prioritize the absolutely critical ones.

So earlier last year we had a sinkhole that suddenly appeared in the main runway at Naval Air Station Jacksonville, Florida, taking it out of commission. The operational command had to do a lot of workarounds.

The root cause was a leaking sewer pipe that ran under the runway. The replacement of that infrastructure and the reconstruction of that runway had been on the MILCON list for many, many years, but it was put off. We are finally doing it this year, of course.

But that is one example of how a failure to do the necessary construction and sustainment readiness and maintenance adds more risk, and we can't always predict where the power is going to go out, where the water will fail, or where there will be a potential for oil to get into the water. We just watch those things very, very carefully and we put the—we put the money where it is going to do the most good.

Ms. BALLENTINE. To put it very simply, sir, BCA would require us to make no-win decisions between all necessary MILCON and FSRM projects. The Air Force has intentionally underfunded mission-critical infrastructure over the last several years—things like nuclear infrastructure, space infrastructure, and in particular, existing mission infrastructure, which the President's Request Budget allows us to begin to chip away at that backlog.

There is nothing that would be immune from being looked at, so it just really forces no-win decisions.

Mr. BISHOP. Think my time is up.

Mr. FORTENBERRY [presiding]. Thank you Mr. Bishop.

Our chairman had to leave so I will be a substitute for a while. To the issue of BRAC. We are dealing with a 25-year old concept, a 25-year old framework and 25-year old language. I don't think that it is fair to you or the taxpayers for us to sit here and continue to fund excess inventory capacity in whatever configuration that is within your various branches.

We conceived of something called the Base Realignment and Closure Commission years ago. Mr. Conger, you had offered the opportunity for us to give input.

Let's change the whole name of this thing to "Military Installations and Savings Commission," and that acronym is "MISC". In

other words, it implies if there is miscellaneous or excess space out there that is consistent with a smart decision to improve effectiveness and efficiency, that will save you money, that will substitute those monies to military readiness and therefore national security, then that becomes a much more important statement than just the negative idea of various communities competing against one another to stop their base from being closed.

#### BASE CLOSURE

The second component of this is I think we ought to think in terms of, rather than “closure commission,” are there segments of excess military infrastructure that could be looked at, whether it is housing, warehouse space, other types of office space, that could be eliminated, transitioned to higher and better community use, actually be empowering to the community that would have been negatively affected before by a complete shutdown if for some reason that particular base does not make the cut list. In other words, a segmented miscellaneous—or a segmented military installation and savings commission that looks at various types of excess infrastructure.

This might be a smoother pathway to get us all to where we ought to be with increased efficiencies, savings, yet high levels of sensitivity to communities who in many times have built their livelihood and well-being around military installations.

I think to your earlier comment, that is my comment back to you. I would like, if you could, to consider this as a part of reframing what is now a 25-year-old concept, but I do think needs updating to get us to where we need to be.

In that regard, let’s get back to this question of segmentation: 18 percent in the Army, as I understand; 30—up to 30 percent in the Air Force. What segments of your capacity does that involve?

#### AIR FORCE EXCESS PARAMETRIC CAPACITY ANALYSIS

Ms. BALLENTINE. So when we updated our capacity analysis just this year we used the same process that both GAO and Congress had approved in prior years—1998 and 2005. So we essentially looked at nine different categories—things like parking aprons for different types of aircraft—and assessed at a broad scale to what extent are those types of infrastructure currently being utilized. And when you aggregate that all up, they are currently being utilized at about 70 percent of their capacity.

So does that mean we have 30 percent too many parking aprons? No, it doesn’t. It means the parking aprons that are there are only being utilized to 70 percent of the capacity that they could be.

And that makes a lot of sense if you consider the force structure reductions we have seen over time. Just since the 2005 round of BRAC we have had a 10 percent reduction in both personnel and planned aircraft.

#### EXCESS CAPACITY

And you have probably heard General Welsh, our Chief of Staff, talk a lot about the—or sorry, the force structure reduction since the early 1990s. When we went into the first Gulf War we had be-



tween 130 and 140 total force combat coded fighter squadrons; we now have between 50 and 60.

Mr. FORTENBERRY. I am sorry. I am going to interrupt you because the time is so short.

My question is a little harder in light of the analysis you have just provided, because if you have got excess capacity on your runways, parking spaces on your runway, that is—might be a more difficult transition to some public use, other public use in a local community.

But back to the idea of general uses of office space or warehouse space, things like that, that would make for easier transitions to other uses or other ownership that saves you money but doesn't impact communities, necessarily, so deleteriously.

I will come back to this because I wanted to raise one more issue. We have a specific—and by the way, I represent two major military installations—Strategic Command as well as Offutt Air Force Base, and proud to do so.

So look, we need to think of this as a partnership as to how do we strengthen the opportunities for you to protect America, and that is the way I am viewing this. And we will all do our own thing in terms of helping position our own communities to benefit from this, but nonetheless, that ought to be the goal of everyone.

#### LEVY NEAR OFFUTT AIR FORCE BASE, NE

In this regard, in 2011 there was a very serious flood along the Missouri River. The flood levy—the levy that protects Offutt Air Force Base held—and Strategic Command—held. Part of that levy is on the base itself.

So we have been raising the question, because the capacity for the local community to carry the new FEMA requirements for upgrades is limited. It is a very big number. So we have talked with the Corps of Engineers about this, who says it is the Air Force problem; the Air Force problem—Air Force says it is the Corps of Engineers'.

So, Secretary Conger, I am going to kick it up to you so you can reconcile the differences between our two friends here.

Mr. CONGER. So believe it or not, we have spent a lot of time thinking about levies around Offutt Air Force Base and the communication from Congress asking us to think about this problem. And the quandary I think we are faced with is trying to figure out where the authorities lie to solve the problem.

Now I am not trying to be cute here, but our lawyers have said—noted that this is not a federal levy and therefore we don't have the authority to spend money on it. However, the gentleman from natural resources district I spoke to before the hearing said, "Oh, it is, and I have the paperwork to prove it."

So we are going to drill down into the specifics, because we have to understand the nature of the structure and who owns it and who has the responsibilities and authorities to apply funds to that project before we can try and identify those solutions. There is clearly some degree of confusion over that both in our—

Mr. FORTENBERRY. Well, you remember lawyers always start with no. That is where they always start.

Mr. CONGER. We have a bunch of wonderful lawyers on our staff who will try and help us get to yes.

Mr. FORTENBERRY. Okay.

Mr. CONGER. I want to make sure—you know, I have had this conditioned into me: obey the law. So we have to figure out the right way to—

Mr. FORTENBERRY. My comments were not intended to tell you to disobey—

Mr. CONGER. No, no, no. I didn't think that.

But my point is that we have to figure out the nature of the problem first, figure out what authorities we can use, and if we have to have additional authorities or different authorities we need to let you know that because if you would like a solution that is not currently within our authorities—not that we are asking for it—but you probably want to know that.

Mr. FORTENBERRY. That would be helpful. And then there are some other creative solutions that have been floated out there, such as enhanced lease usage and things like that that might help us get through another pathway.

Mr. Farr.

Mr. FARR. Thank you very much, Mr. Chairman.

Really enjoyed the questions in this hearing, and I hope we can spend more time on them because this issue is very important. It's one that is very difficult to understand.

We all know that we are downsizing the military, and therefore we have excess military property all over the world. And yet, you are asking for a 30 percent increase in your budget so you can build more.

And then what you decide not to build with that money concerns me because, as you indicated that our first and most important role in MILCON is to sustain and modernize—you said that, Ms. Hammack, but this end game seems different.

Well, I have a question for Mr. McGinn, and that is, I represent about nine missions or 12 missions of the military and among them the big crown jewel is the Naval Postgraduate School, which, as you and I have discussed, there is nothing like it. It is just unique in the world.

#### NAVAL POSTGRADUATE SCHOOL STAFFING

It needs a critical mass to be sustained. And it also probably needs investment in order to modernize. And that investment is not necessarily in building; it is in intellectual property.

For the second year in a row the President's budget request for end strength at NPS is 884 full-time-equivalent personnel. Op Navy conducted a study last fall that determined the FTE should be at 1,200. The school has been executing with end strength of 1,100.

The Navy has validated both the school's mission and its research capabilities, so explain to me how the Navy expects the school to continue its level of productivity with only an end strength of 884.

Mr. MCGINN. Mr. Farr, I would like to take that one for the record. I will coordinate with our folks from our budget area as

well as from our manpower area. That is not my particular area of expertise because I do installations, energy, and environment.

However, I just want to——

Mr. FARR. But you also do what you do inside those buildings.

Mr. MCGINN. Right. I want to go on the record saying that the Navy Postgraduate School, the Defense Language Institute, all of the DOD functions in your district are world-class.

#### ENVIRONMENTAL CLEANUP

I was out at Monterey before the first of the year, spoke with the superintendent at the Naval—at the Postgraduate School, spoke to local leaders, and it is clear that this is an asset that is of great value not just to the Navy and the Marine Corps, but to all the services, and indeed, to our partners and allies around the world who send some of their best and brightest to avail themselves of the kind of education you can only get at this unique place.

But I will, rather than trying to guess at an answer about full-time-equivalents, I would like to get back to you in writing.

[The information follows:]

Navy is still in the process of validating Naval Postgraduate School (NPS) FTE requirements. The review includes verification of programs, current and future staff, as well as the scope of the NPS mission. Once a thorough review is complete, to include balancing resourcing and requirements within current fiscal constraints, a final decision on NPS FTE will be made.

Mr. FARR. Well, there is a dispute going on and it is essentially in those two departments that you talked about, and I would just hope that you will listen to the needs of the school rather than the green eyeshades that want to cut back to 884. It would be a disaster. You are not going to sustain the school.

Mr. MCGINN. Right.

Mr. FARR. On to environmental cleanup. I have watched it all. My district experienced the largest military base closure. We have tons of cleanup projects. You are cutting that cleanup fund every year. I recall that you indicated in last year's proposal that you would clean up some more, but then you level funded the account this year.

So how are we going to get some more money into that account so that you can actually increase clean up? This is what is blocking, I think, a lot of the interest in Congress in approving another BRAC, because you end up dumping dirty parcels on locals. It is the military's responsibility to clean up the dirt and anything under the dirt, and of whoever is receiving the land to clean up what is above the dirt.

In that dirt is all kinds of things, including unexploded ordinances. With that in it you cannot use the property. DOD has plans to clean up these parcels, but for some of the members' districts on this committee it will take 30, 40 years to clean them up. You can't transfer property with unexploded ordinances on it.

So how can we boost this agenda up to get—spend more money on cleanup and show Congress that, indeed, your request for another BRAC round is warranted?

Ms. HAMMACK. Thank you. Let me——

Mr. FARR. Let me ask one more question, because we are all going to have to go pretty soon and I guess we are going to come back, and that is—well, let me leave that one for now.

By the way, I want to also thank you for your work in transferring Tidball Store. It took the entire Department of Defense and all the personnel in it to transfer one acre of property to a local government, and it took us what, about 5 or 6 years to do it?

You did it, so I thank you for that.

Ms. HAMMACK. Okay. Let me answer your environmental question.

You know, one of the things that Congress did is allowed us to merge the BRAC cleanup accounts. So last year we obligated \$443 million in environmental cleanup. This year we are going to obligate another \$500 million almost in environmental cleanup. So we are getting after this, and by merging accounts we are able to make significant progress.

That being said, some of the cleanup is going to take us more than 30 years, so when we looked at beyond this FYDP, what the cost to clean up is for the entire program, it is something around \$1.6 billion because some of these cleanups take years to monitor the cleanup.

And so we are going to be able to get after some big chunks of it. At Fort Ord in fiscal year 2016 we plan to execute \$11 million, which puts us at the boundaries of the environmental restrictions in the local community because we have to do a burn first before we get to the cleanup.

So we are getting after these. One of the great things, though, you will note in the 2005 BRAC round is the properties we closed under 2005 had much less environmental cleanup than the prior BRAC rounds, and that is because the services have been cleaning up the bases that we are occupying now so that when it comes time to close or when it comes time to transfer it to the public for a beneficial reuse, there is going to be much less environmental cleanup required because we are maintaining them to better environmental standards than we had in the past.

Mr. FORTENBERRY. Gentleman's time is expired.

We are going to have to recess momentarily, so if you can stay with us a while that would be very helpful. The committee will resume in a few moments.

While we are gone, if you could give my question some additional consideration in terms of the opportunities—if you can think of another word I would welcome it—but to the segmentation of the MISC round that is potentially to come, whereby you are not looking at pure public goods, like the apron of a runway, which is—would be very difficult to transition to some other use, but office space, general use space that has other community—a community type asset that has other applications.

And then what percent of the excess capacity does that potentially represent? It becomes, like I said, a smoother pathway, I think, to getting some things done perhaps more immediately in the short term rather than these hard or difficult questions about things that are only usable by the military themselves.

So we stand in recess.

[Recess.]

Mrs. ROBY [presiding]. We are now back, and we will call on Ms. Lee.

Ms. LEE. Okay. Well, first of all, let me thank you very much, to the chairman and to my ranking member here, for, first of all, your kind words in support of condolences. My mother passed 2 weeks ago and I wasn't able to attend our first hearing. And I really want to thank you all for your love and your help and your support. Means a lot.

My mother actually was a widow of a lieutenant colonel 25 years in the military. I am a military brat. My dad actually, at the end of his life about 3 years ago, instead of calling him "Daddy" he had me call him "Colonel." [Laughter.]

And he put his picture up with his uniform and—right over his bed. So I share that because I want you to know that, you know, veterans and our military are very dear to me. And I was raised in Fort Bliss, Texas.

Also I was married to an Air Force airman. And the sacrifices that our service men and women make are dear to my heart.

We owe them a debt of gratitude and I want to do everything I can do, from this committee's standpoint, to help them with their health care, their economic job opportunities, their security, and whatever they need.

My dad was in two wars. I remember those wars very vividly.

And also I remember the segregation in the military. Come a long way; long way to go.

So I just want to thank you all for your service.

And again, to our chair and ranking member, I want to thank you. I look forward to this committee.

When I was in the California legislature—and Congressman Farr and I were there together—I actually am very familiar with the BRAC process because my former boss was chair of the Armed Services Committee, Congressman Ron Dellums, but also he chaired MILCON subcommittee when I was on his staff.

When I went to the legislature—this was in the 1990s—I ended up leading the entire state of California's base closure and reinvestment efforts. I established the very first state planning agency for base conversion, and was part of the overall transition of our BRAC initiatives in the 1990s.

We had in my district five bases that closed, and we are still in the process of making sure that we reuse those bases in a way that is worthy of, first of all, of the military and your mission and what you want to accomplish, as well as our surrounding communities.

In Alameda, for example we are building an outpatient clinic for veterans and a V.A. hospital, and we want to make sure that the military bases provide unique opportunities for V.A. facilities, such as what is taking place in my own district.

#### MILITARY HOSPITALS

And Congressman Farr and I, we were talking about the military health facilities and the V.A., so we are looking at DOD and V.A. clinics and the feasibility of doing joint hospitals and joint clinics. Wouldn't that be cost effective and wouldn't that make more sense? And for my own personal information and knowledge, why hasn't that been done in the past?

I mean, when Sam talked to me about this I said, "That seems sensible." But I would like to hear from you why that hasn't been done and if you think that makes sense.

Mr. CONGER. Let me start and then kick it over, because we have done that in a couple places.

Fort Bliss has a joint facility. Joint Base Andrews has a joint clinic. And so this is an example where we can work it out and where there is a combination of resources and facilities and proximity where we do set up the joint facilities.

And if Katherine or Miranda want to talk—or Denny, do you—

Ms. HAMMACK. The only comment I would like to have is we have merged medical facilities together in the military right now, so it is all under DOD. So the Army medical facilities are managed by office of secretary of defense right now.

#### JOINT DOD-VA MEDICAL FACILITIES

So in this merging it has helped break down some of the barriers between those services so that they truly are joint facilities within the medical community. So that is a first step that I think is helping pave the way for a future where there might be more joint veterans facilities.

Mr. MCGINN. I have got some great Navy memories, Congresswoman Lee, of living at 100 San Diego Drive, Naval Air Station Alameda. In fact, like a good sailor, I was at sea when my wife and daughter experienced the Loma Prieta earthquake. I had a lot of explaining to do when I got back home about why I wasn't there to help out.

But it is an absolutely highlight of our BRAC turnover process for last year, as you know. We turned over 624 acres to the Veterans Administration for cemetery and treatment center at former Naval Air Station, and we intend on doing more of that as—wherever we can with all of our BRAC properties.

We also, at Naval Station Great Lakes, just north of Chicago, our main naval training center, have a joint V.A. and Department of the Navy hospital, and that is an example of where it makes sense. It doesn't make sense all the places.

You have to take a look at the demographics, the mission, the load of patients, et cetera, and the type of patients. But where it makes sense we—certainly Department of the Navy and Department of Defense are open to those types of approaches.

Ms. BALLENTINE. You know, not having been through a BRAC round myself in the past I don't think I can speak specifically to how it has been done or not done. What I would say is that my understanding of the BRAC process is it allows us to take a comprehensive, Defense-Department-wide look at our installation capacity needs and really make smart decisions, just like you have laid out, about what makes sense across the board.

Mrs. ROBY. Thank you.

Well, as you can see, I am not Mr. Fortenberry. I am Martha Roby from Alabama, so I am sure that there are others that will return, I hope.

So now it is my turn to ask questions, and I appreciate you all being here today. And let me just start by saying that I think it is just outright wrong for us to be trying to fix our budget woes

here in Washington solely on the backs of our military, and this is something that I have been saying now for the majority of my time in Congress, since the Budget Control Act was passed.

And now we are in a place that I don't think any of us want to be. I just wanted to reiterate my position. I think in this world right now, with all of the threats that we have, clearly we have to make sure that our men and women have everything that they need when we send them to the fight.

#### SEQUESTRATION

And it is not a matter of if; it is just a matter of when. I would again, like to make those feelings known.

Last Monday night, a week ago, we had a real interesting night in Fort Rucker, Alabama with its supplemental programmatic environmental assessment, and we had 1,600 people in Southeast Alabama show up and wanting to voice their opinions about what full implementation of the sequester would look like and the impact that that would have on Army Aviation—the Center for Army Aviation. And it was quite extraordinary to hear from our military families and just the community about their concerns about the decisions that we are making up here.

I understand when our Army says—or any branch of the military says, “This is the law of the land.” Well, Congress has the ability to change the law, and so we need to be looking at all of the ways that we can address what in my opinion is—and I, you know, say this all the time—is literally what keeps me up at night, and I am sure that all of you in this room, know that we have to be prepared, and what we are doing with sequestration is really damaging that.

And to what extent we can get it back over time, we should be fighting for that every day, but knowing all the while that we can't snap our fingers and get it back.

But with all that said, Secretary Hammack, I just would ask you if you would just elaborate a little bit for us about the SPEA, and what the Army's timeline is, and how you suspect that that information will translate into the decision-making process, understanding that all the while Congress has to give you the needed flexibility to make those decisions. But in the meantime if you could just, for the benefit of those at Fort Rucker and all across this country and abroad, let us know what the timeline is and what the Army's plans are to do with that information?

Ms. HAMMACK. Absolutely, and thank you, Representative Roby.

The Army faces an extremely difficult fiscal environment, with cuts of \$95 billion over a 10-year period. And when we look at the Army's budget, 50 percent of our budget is manpower. So if there are going to be cuts, it has to come out of manpower.

And you look at the rest of it, it is training and equipping, and then the last part is installations. So you don't want to have an undertrained or underequipped manpower because the risk is a loss of life.

So when we look at pressure to reduce budgets, it has got to come out of manpower. And when we reduce manpower, it is not only military but it is the civilian workforce that supports them.

So when we did the supplemental programmatic environmental assessment, we did it to assess what the effect of cuts would be as if the Army had to shrink down to 420,000 active duty, which is where we have to be if sequestration or the Budget Control Act stays in place.

So in taking a look at that, some bases could lose as many as 15,000 civilian and military personnel, and those are significant cuts. And those are cuts that we have to make in response to the Budget Control Act, in response to sequestration.

We are looking at 30 different bases right now that will be those that are most impacted, and we are going out and doing listening sessions to better understand the impacts to the community. Impacts to the community are part of the evaluation. Military value is part of the evaluation. We take a look at everyone—everything.

The listening sessions will be complete, I think all of them, by the end of this month—by the end of March, and then we will be making a decision that we are forwarding to the secretary of the chief in the April-May timeframe. We plan to make an announcement in June of this year as to where those cuts would take place.

And let me reiterate: These are cuts directly in response to the Budget Control Act and sequestration.

Mrs. ROBY. Right. And certainly it was impressive to see these communities come out in force to make their case not just to the Army but to Congress as well, as to what our responsibility collectively is to ensure that we are providing for a strong national defense.

So thank you all for what you are doing as it relates to these difficult decisions. And it is my deepest desire that we provide some relief in this area, and I can't emphasize that enough.

Ms. HAMMACK. Thank you.

Mrs. ROBY. Mr. Price.

Mr. PRICE. Thank you, Madam Chairman.

Welcome, to the panel. Sorry for my late arrival. We are back and forth from the floor here, and I know you have touched on BRAC and other topics of interest, so let me lead one with more—that is—lead with one that is more focused on our situation at Fort Bragg in North Carolina.

And I will address this to Assistant Secretary Ballentine. I know you are familiar with the ongoing efforts by members of the North Carolina congressional delegation on both sides of the aisle to ensure that the 440th Airlift Wing at Pope Army Airfield isn't activated or moved elsewhere.

We know that there are obvious strategic benefits of maintaining the airlift wing at Pope. We know, of course, too, about the substantial impact its presence has on the local community.

But there is also a certain cost here. There is a serious concern that tens of millions of dollars were spent to prepare the airfield for newer C-130J model aircraft.

So, you know, you are talking about training benefits, you are talking about preparedness benefits, you are talking about some investments that have already been made. And my question is—I guess I will start with that latter point.



Does the Army just intend to write these expenses off? Does it not make sense to carry through with the original plan, in light of the outlays already made?

And of course, this raises the question about the extent to—you know, what is driving this decision? What is driving this decision?

Is it a decision that, without sequestration, without these budget pressures, you likely would be making? Or is this a budget-driven decision, and are the merits kind of falling by the wayside?

Ms. BALLENTINE. Thank you, sir. The details of this question are a little bit outside of my purview, so I would like to take it for the record so I can make sure that I really get the answer right for you.

[The information follows:]

Pursuant to the language in the fiscal year 2013 National Defense Authorization Act, the Air Force conducted an analysis of mobility assets to determine the appropriate number of aircraft required to fulfill contingency, humanitarian and homeland defense missions. This analysis, presented in the Mobility Capabilities Assessment (MCA) study determined “there is no surge scenario associated with the current defense strategy—even one in which a significant homeland defense event occurs concurrently with two warfights—that requires a fleet of 358 C-130s.” The fiscal year 2015 and 2016 President’s Budget requests deliver a force structure more closely aligned with this finding and improves allocation of resources by prioritizing a smaller, modern, and more capable force.

As a result of the findings of the MCA, the Air Force has been working to reduce the C-130 fleet in order to provide funding for more critical investment areas. The fiscal year 2015 and 2016 reductions allow the Total Force to invest in the remaining C-130 force and other requirements to counter existing and emerging national security threats. The divestment of the 440 Airlift Wing and the Pope Army Airfield (AAF) C-130H unit saves the Department of Defense the costs associated with maintaining a stand-alone AFRC wing infrastructure at Pope AAF, while preserving the personnel necessary to provide support for Army training and contingency response.

The Air Force best meets Army training requirements through the Joint Airborne/Air Transportability Training (JA/ATT) Management System (JMS). This construct is currently used to fill 66 percent of Ft. Bragg missions. The JA/ATT construct—executed via the JMS—also supports 100 percent of the missions at Fort Benning, Fort Campbell, Joint Base Lewis-McChord, and many other Army, U.S. Marine Corps, and U.S. Special Operations Command units, whether they have co-located transport aircraft or not. The Air Force remains committed to supporting Army Airborne training requirements at Pope AAF. In addition, 100 percent of current real-world deployment requirements of the XVIII Airborne Corps are met through units external to Pope AAF.

My understanding is that the Air Force does plan to continue to support the 82nd Airborne training exercise requirements through the joint process, but let me take it for the record and get back to you so I can really get you the detailed answer that you deserve on this one.

#### C-130 BASING AT POPE AIR FORCE BASE, NC

Mr. PRICE. All right. We have gone round and round about this, and so we are very much in need of those details. And of course, we have mandated that this be further examined, further studied.

We need to be sure what we are dealing with here as we go forward. So I would appreciate that as promptly as possible.

So since we didn’t take my entire time, let me move to Assistant Secretary Hammack, and want to—again—Fort Bragg, let’s talk about this no-cost installation that you have told me about and I would like to have you elaborate on, of a large, solar power array. I know projects like that have occurred at installations elsewhere

in the country, usually in cooperation with the local utility and through the long-term provision of land easements, and so forth.

Given the substantial cost savings associated with this and other benefits—continuity of power production, reduction in the carbon footprint—is this a model that the Army and the Department of Defense might in general seek to implement elsewhere?

#### ENERGY

Ms. HAMMACK. Yes, it is a model for the Department of Defense. And the project you are talking about is in conjunction with Duke, and Duke is evaluating and I think they are taking it to their public utility commission. It would be about a 10-megawatt array.

Georgia Power, in Georgia, is partnering with us on three installations at Fort Benning, Fort Gordon, and Fort Stewart—30 megawatts each. We are partnering with Tucson Electric Power in Fort Huachuca, which is in—south of Tucson in Arizona. I just cut the ribbon on an 18-megawatt array there.

So we are taking this model and working with other utilities. Matter of fact, in Alabama we are looking with Alabama Power at installations at both Fort Rucker and Anniston Army Ammunition Plant.

So it is a great way for the utility to build a solar or wind or renewable power facility on Army land that gives the Army energy security but helps stabilize energy costs for the utility and the community. So it is a win-win for both, doesn't incur additional cost for the military, and helps reduce cost for the utility.

Mr. PRICE. Well, in general the solar power—provision of solar power, the costs have come way down in recent years, so it is something that, increasingly I think, all kinds of institutions and installations on their own are going to determine makes sense—it is cost effective.

Ms. HAMMACK. Absolutely.

Mr. PRICE. So to the extent this can be successfully carried out at Fort Bragg and then become a demonstration for wider application, we, of course, are very interested in that and want to follow that project.

Ms. HAMMACK. Thank you, Representative Price.

Mr. PRICE. Thank you.

Mrs. ROBY. Mr. Bishop.

Mr. BISHOP. Thank you very much.

And let me just add my congratulations to you with the Georgia Power project. We are looking forward to breaking ground on that next month.

#### REBALANCE THE ASIA PACIFIC

Let me ask Secretary Conger if you can give us an update on the department's efforts to rebalance the Asia Pacific Region in terms of facilities, specifically in Guam and Japan. I know the landfill permit for the two replacement facilities was signed, so what I would like to know is, are we finally going to get some movement on the project?

Mr. CONGER. So let me give you a couple points and then I will turn to Secretary McGinn for any amplifying comments, because a

lot of this is Navy and Marine Corps activity that we are talking about.

The supplemental environmental impact statement that is going to clear the way for real construction on the island of Guam for receiving the Marine Corps folks—the 5,000 Marines and the associated family members that are going to be transitioned from Okinawa to Guam is going to be completed in June, I think it is. It is currently scheduled for June. I think that is on track.

We are entering into a period where we are going to have a sustained construction load in Guam on the order of \$500 million a year. That is going to be a combination of U.S. appropriations and Japanese money. I think our request for this year was \$160 million and the rest would be Japanese money for this year's project load. That is once the supplemental EIS is completed.

On Okinawa, when we talk about the FRF, the Futenma Replacement Facility, the landfill permit has been signed. There is work going on at the site. It is also important to remember, though, that the only thing that that airfield, that landfill, the new airbase that is being built at Camp Schwab, the Futenma Replacement Facility—the only thing that is in the critical path for is the movement of—the closure of Futenma Airbase.

The remainder of the activities that have to do with Guam are not in—that is not in the critical path. We can proceed with those activities and we are not waiting for the construction at Camp Schwab to complete for us to be able to do the rest of what we want to do.

#### ASIA-PACIFIC REBALANCE

Denny, did you want to—

Mr. MCGINN. Mr. Conger has given a good summary of where we are. The supplemental environmental impact statement for Guam as well as the Commonwealth of the Northern Mariana Islands will be completed in the spring.

We expect that first Marine units will be arriving in 2021. In this budget we have \$126 million to begin the construction of some live-fire training ranges in the northwest part of Guam, and we really appreciate the actions of the committee and the Congress last year in enabling the commencement of military construction projects that will start this process that Mr. Conger outlined.

Bottom line, Mr. Bishop, is that we feel we are on track for this reallocation of forces from Okinawa to Guam, and we will continue to keep you apprised of the progress as we go forward.

Mr. BISHOP. Yes, I was going to follow up with a question to you, because last year I asked you about a plan—showing what was needed on the construction side for the new South Pacific strategy, and you didn't have one. And so I was going to ask you if there is one now and if you could give us an idea of what types of projects that we would see in the Pacific in the future and how lower budgets will affect investment in that area.

Mr. MCGINN. The majority of projects are on, in fact, Guam. We have agreed with—since the last hearing last year—with our colleagues in the Air Force that we are going to put the Marine housing at—co-located with Andersen Air Force Base. It makes a lot of sense for both services and for the mission of both the Air Force

and the Marines that will be there in Guam commencing in about 5 years.

So the rest of the construction projects relate to utilities and relate to the support for the live-fire training and the cantonment area for combat vehicles and combat support vehicles for the Marines that are relocating there. We are also in close consultation with Air Force on what we want to do about divert fields, primarily in the area of Tinian and Saipan in the Commonwealth of Northern Mariana Islands, and we have several projects not in work but in the planning stages and the budgeting stages for those.

Mr. BISHOP. Thank you. Mr. McGinn, do you have anything you want to add?

Ms. BALLENTINE. I think Mr. McGinn covered it quite well.

I would say that for fiscal year 2016 the Air Force has, I think, let's see, \$85.2 million in the budget for the shift to Asia Pacific, so we have got five projects, several related to hardening of facilities at Guam, and we are working very closely with the Navy and Marines on a number of projects over there.

#### BRAC

Mr. FORTENBERRY [presiding]. Thank you, Mr. Bishop.

I would like to return to some of my earlier comments and round out the discussion to speak about in your next round of MISC installation analysis, have you considered consolidating Guard—National Guard and Reserve components?

Ms. HAMMACK. Yes, sir. We have considered that and that is something that would be a key component.

When we talked to the National Guard, if you look at the last BRAC round, the National Guard did a lot of consolidation in that. They consolidated, out of 300-some facilities—211 National Guard and 175 Reserve—into 125 armed forces reserve centers. And if you look at the National Guard and the way demographics are shifting, some of the encroachment upon their facilities, some of their facilities are not sized for future plans.

So they just completed a readiness center transformation master plan, per guidance from NDAA 2011, and in that 15-year plan they identified the potential for a 22 percent reduction, but it would require MILCON and R&M to invest in those locations that they would be consolidating into. So the National Guard is fully onboard with a future round of military installation savings consolidation.

When you asked earlier about what segments of infrastructure are excess, when we looked at both our capacity analysis and even in some of the previous rounds of BRAC, you look at categories like training ranges, or housing and barracks, medical, logistics, administration space, and you identify what categories are excess, and then you put together scenarios on what to do with that excess.

Mr. FORTENBERRY. Let me interrupt you for a second. But do those all start to become a part of an aggregated case for the complete realignment of an entire facility, or can they be peeled off as individual segments of excess use, excess capacity, and sold, transitioned to other higher uses?

Ms. HAMMACK. All of the above.

Mr. FORTENBERRY. Okay.

Ms. HAMMACK. So when you look at the scenarios, there are many different cases to be made. Some bases—matter of fact, one in upstate New York, Watervliet, they shrunk by 50 percent. They moved a fence line; the other 50 percent is now an office park.

Mr. FORTENBERRY. Okay. Then do they get credit, let's say, for actually having gone ahead and reduced their footprint, which might make them more vulnerable to an entire base closure round? You following the logic there?

Ms. HAMMACK. I follow your logic, but what is remaining at that particular location is critical, high military value operations. So we really look at the military value.

Mr. FORTENBERRY. As long as you give an incentive for people to do that, yes. The other point that—here is a good example. In Nebraska the National Guard has consolidated at joint force headquarters with state police and emergency personnel—

Ms. HAMMACK. Yes.

Mr. FORTENBERRY [continuing]. For operations. Works seamlessly. Works perfectly.

Congressman Farr and I were having a very fruitful conversation after our last round of questions about the new authorities that you do have to actually outsource—might not be the right word—to actually collaborate with community public services—fire, police, maintenance—that is another consideration beyond the limitations of hard infrastructure, but goes to the heart of the question as to how do we make you more effective, efficient, protect the communities that are integral to your various missions, but also transition space or services that could be better—that can meet the objective of the proper needs of the military.

Ms. HAMMACK. Absolutely. And we are doing much of that now. We are calling it intergovernmental support agreements, where you are partnering with the local city, the county, or the state.

Mr. FORTENBERRY. And that is new authority?

Ms. HAMMACK. It is new authority that was clarified—

Mr. FORTENBERRY. So how widespread is this now?

#### PARTNERING COMMUNITIES

Ms. HAMMACK. Well, the—

Mr. FORTENBERRY. It is new.

Ms. HAMMACK. It is new, and it was clarified last year because there were challenges in the acquisition community in that the legislation that was passed was conflicting with the federal acquisition regulations. So we needed clarifying language, which came in last year's NDAA, that helps the acquisition profession ensure that we are in alignment with legal intent.

And so we are now marching out with those new orders and putting together templates to guide our bases on how to best partner with communities.

Mr. FORTENBERRY. Well, Congressman Farr has said that Monterey has jumped to the forefront of the line and provided exactly that, an example, a template, as I understand it.

Ms. HAMMACK. They were our first model, but that is one of the few installations that is completely surrounded by the community in which they reside. Many of our Army installations are located out in a very rural area because we are a little bit noisy in our ac-

tivities. The school activities at Presidio Monterey are those that are much more conducive to co-location in a community.

Mr. FORTENBERRY. One other quick comment before we adjourn—I will turn to Ms. Lee next—but I accept your answer earlier on the issue, the complex issue of the levy on the Offutt Air Force Base, and I assume you will get back to us quickly once you sort through the various legal authorities you have or don't have. Is that fine?

Mr. CONGER. Absolutely. This is something we have been wrestling—we have, I think Congressman Ashford wrote in about it as well, and so we have been wrestling with this for——

Mr. FORTENBERRY. It is all of our neighborhood.

Mr. CONGER. Yes.

Mr. FORTENBERRY. And that would be very helpful if we could expedite that, because again, the imposition on the community is very substantial—basically a very heavy lift, and yet, there is a direct federal necessity and benefit here because the levy is actually on the base. So——

Mr. CONGER. Yes.

Mr. FORTENBERRY [continuing]. You will work through that.

And thank you, Madam Secretary, for your input on that, as well.

Ms. Lee.

Ms. LEE. Thank you.

Let me ask Assistant Secretary Ballentine this question with regard to the installation of these energy efficient buildings that we are building. And I am going to ask throughout the course of these hearings this question over and over and over again as it relates to the inclusion of women-owned businesses and minority-owned contractors, and diverse hiring for the installation of these LEED-certified buildings for solar panels and for weatherization and all the renewable technology that is very, very important.

#### MINORITY CONTRACTING

Well, again, I referenced working for Congressman Dellums earlier. Well, as a staffer I actually staffed the first minority and women-owned business inclusion amendment for DOD, and also for the Army, Air Force, Navy, and what have you.

And I wanted to ask you, as it relates to minority and women-owned contractors, just on the energy efficiency, the LEED buildings now, how are you tracking this? Are you making an effort to find minority and women-owned businesses?

And for all of the services, how is that being handled? Now that I am on this committee I really want to stay on top of that and make sure that diversity is part of everything that we do in all of the services.

Ms. BALLENTINE. Yes, ma'am. Thank you. Let me get back to you on the specific details on how we build diversity into our contracting programs, particularly on energy and LEED certification and other sustainability aspects of facilities.

Anecdotal what I can tell you, in the 22 weeks I have been on the job I have been astounded at how front and center diversity topics are in every leadership conversation that we have had. It is

clearly one of the secretary's top priorities and it is in every leadership conversation.

So let me get back to you with some more specific detail on the contracting piece, but this is something that I have been really impressed with in the short time that I have been with the Air Force.

[The information follows:]

The Air Force does very well in the small business market of construction services which includes these types of energy efficient buildings. Small businesses are awarded over 92 percent of all construction contracts in the last two fiscal years. Within the construction market for small businesses, Small Disadvantaged Businesses (SDB) receive approximately 48 percent, Women Owned Small Businesses (WOSB) and Service Disabled Veterans Owned Businesses (SDVOB) each receive a little over 16.7 percent and HUBZones categorized businesses receive approximately 20.9 percent of the total "Construction of Structures/Facilities" market. The one caveat when looking at the percentages of small businesses is that the businesses self-identify and can identify in one category or several. For example, a WOSB can also classify itself as a SDB and SDVOB.

Ms. LEE. And I guess for the Army, Navy, Air Force, is there—do you have any reports or do you track contracts as it relates to minority and women-owned business participation? And also, I have legislation as it relates to veterans, in terms of giving tax credits for companies that hire veterans in renewable energy efforts, and I wanted to make sure that you knew that because whether my bill passes or not, I am going to try to see if I can work it from the inside to make sure that companies do understand that it is in their best interests and in our veterans' best interest to hire veterans on these renewable technology projects.

Ms. HAMMACK. Absolutely. And thank you for your focus in this area. It is very important.

The Army contracts for LEED buildings and all of our construction is done through the Army Corps of Engineers, and the Army Corps of Engineers has exceeded the minimum levels established by Congress for minority, women-owned, and veterans contracting every year. I don't have the exact number so I can get back to you with the exact number, but it is something that is tracked, it is something that is a high priority that we are looking at both in our prime contractors and in our subcontractors.

[The information follows:]

Yes. The Army tracks awards to America's small businesses; and identifies various socioeconomic factors for awards, to include women-owned small businesses and small disadvantaged businesses which are at least 51 percent owned by economically or socially disadvantaged individuals.

- In FY14, the Army exceeded DoD's annual goal of small business awards by 5.2 percent.

- 31.63 percent of all Army contracting actions, valued at more than \$19B were awarded to America's small businesses.

- The Army Senior Procurement Executive is briefed quarterly on the status of small business participation in Army contract awards.

A snapshot of the Army's FY14 contracting awards to Small Businesses is below:

Categories	Small Business Contract Dollars
Women-Owned .....	\$3,368,878,616
Service Disabled Veteran-Owned .....	2,466,244,485
Small Disadvantaged .....	9,169,154,290
Other Socio-Economic Categories* .....	4,172,029,775
FY14 TOTALS .....	19,176,307,166

Source: Federal Procurement Data System—Next Generation, (FPDS-NG) January 7, 2015

\* Other Socio-Economic Categories includes approximately 20 additional programs identified in FPDS-NG

#### SMALL BUSINESS & WOMEN-OWNED BUSINESS CONTRACT

So Army Corps of Engineers is doing a fantastic job in making that a priority.

Mr. MCGINN. We have a very detailed analytical process by which we track awards, and basically it works well. We are very closely aligned with the Small Business Administration, for example, in this regard, using similar standards.

We partner with large groups like the National Defense Industrial Association to put out the word about how you do business as a small, minority-owned business.

On the point about veterans and renewable energy, on the 13th of February at Camp Pendleton we had the first graduating class of a program that was a partnership from the Department of Labor, Department of Energy, and the Department of Defense to train solar installation technicians, people who are in this case the Marine Corps, decided to go into civilian pursuits, and it was participated in by the five top solar installation companies in the country, designing the curriculum as well as conducting the training and selecting those candidates. There is a similar program that is going on in the Army and another in the Air Force and Navy.

The first cadre is 200 folks who will soon become veterans, highly trained and vetted by the solar installations. One example of many of these programs.

Ms. LEE. Good. I think that is very important because we may want to use that as a model or prototype for what my legislation is trying to get to, because I want the companies also to benefit by getting—I don't know if they do on the model you talked about, the project you talked about—a tax credit or some kind of a tax benefit for that.

Finally, Mr. Chairman, let me just ask if whatever reports you have, whatever data you have on your diversity in contracting as it relates to minority and women-owned businesses and veteran and disabled-owned businesses, could you present that to this committee? I would like to review that and I would like it disaggregated, if you can, by race in the contracting portion.

Thank you. Thank you very much.

Thank you, Mr. Chair.

[CLERK'S NOTE: The Department of Defense provided the following data in response.]



## FY13-FY14 DoD Actions and Obligations by Socio-economic Category (as of April 1, 2015)

Category*	FY2013		FY2014	
	DoD Actions	DoD Obligations (\$M)	DoD Actions	DoD Obligations (\$M)
Small Business	712,259	\$49,972.07	746,465	\$55,556.77
Minority Owned Business	191,405	\$21,776.29	188,117	\$22,952.72
Black American Owned	33,631	\$3,746.58	34,658	\$4,162.03
Hispanic American Owned	42,269	\$4,558.28	39,892	\$5,143.50
Native American Owned	31,074	\$6,101.17	32,166	\$7,190.49
Asian-Pacific American Owned	53,806	\$3,613.92	52,369	\$3,576.39
Subcontinent Asian (Asian-Indian) American Owned	21,624	\$2,264.25	22,171	\$2,644.86
Other Minority Owned	14,517	\$2,478.83	13,998	\$1,323.46
SBA Certified Small Disadvantaged Business	76,460	\$9,726.88	55,116	\$7,869.04
Self-Certified Small Disadvantaged Business	117,981	\$13,776.11	131,691	\$17,198.53
SBA Certified 8(a) Program Participant	80,407	\$12,128.83	78,138	\$13,938.41
SBA Certified 8(a) Joint Venture	6,754	\$1,272.69	6,933	\$1,646.84
SBA Certified Hub Zone firm	38,160	\$4,161.90	37,225	\$4,574.00
Veteran Owned Business	122,662	\$13,362.28	126,624	\$12,315.31
Service Disabled Veteran Owned Business	49,003	\$7,038.52	55,450	\$7,653.42
Woman Owned Business	138,064	\$10,737.53	144,985	\$10,757.26
Women Owned Small Business	42,520	\$2,799.11	57,959	\$4,164.89
Joint Venture Women Owned Small Business	1,016	\$144.32	1,625	\$205.82
Economically Disadvantaged Women Owned Small Business	16,093	\$1,655.34	20,945	\$2,400.03
Small Business	845	\$130.14	1,262	\$152.42
Educational Institution	10,310	\$1,218.85	9,489	\$1,301.84
Historically Black College or University (HBCU)	108	\$6.84	100	\$8.28
Minority Institutions	440	\$47.08	459	\$43.93
Tribal College	25	\$4.50	22	\$0.33
Indian Tribe	3,442	\$617.35	3,779	\$846.56
American Indian Owned	11,422	\$1,808.81	12,087	\$1,965.21
U.S. Tribal Government	73	\$1.84	68	\$1.54
Tribally Owned	4,940	\$1,225.37	5,835	\$1,614.37
Native Hawaiian Organization Owned Firm	2,121	\$438.71	2,541	\$430.29
Alaskan Native Corporation Owned Firm	13,153	\$3,281.39	14,120	\$4,070.11

\* Contract actions can occur in multiple categories (e.g., a Women Owned Business can also be a Veteran Owned Business) and be to the same business. As such, it would be inappropriate to sum the columns to determine a total impact of small businesses.

Mr. FORTENBERRY. Right. Let me—good ideas from a long time ago. They get implemented, they get constituencies built around it, they get installations built around it, and it is a rhetorical framework, also, that gets built around it, but we don't have to carry that forward, especially in this area, because BRAC implies a lot of negative things. And what you are actually talking about are concepts that are very constructive and positive for an effective fighting military to keep this country safe.

I think we have a responsibility to taxpayers to try to save money any way we can, make you more effective, but also protect the communities who, again, are integral and essential to your efforts. There is a way to accomplish all of this, and by reframing—starting, perhaps, with the language, we can turn what is—has been a terribly difficult process into one that makes a lot of sense and could perhaps be embraced by the nation.

So I can make a copy of this for you all if you—

Mr. CONGER. I wrote it down already.

Mr. FORTENBERRY. You wrote it down. You got it. Okay.

Members are advised that our next hearing is March 4th at 9:30 a.m. in H140 of the U.S. Capitol with the Secretary of Veterans Affairs.

We are adjourned.

[Questions for the Record submitted by Congressman Dent for the Honorable Katherine Hammack follows:]

Army Force Structure Reduction

**Question:** By fiscal year 2017, the Army proposes to reduce the active component force structure to 450,000 and a further reduction to 420,000 by fiscal year 2019 if sequestration level cuts are imposed in 2016. The announcement of these reductions will be somewhere in the June 2015 timeframe. Can you describe the impact of potential force structure reductions across the Army?

**Answer:** Army force structure reductions below 490,000 are not being made by choice. They are being made out of fiscal necessity due to current law budget caps. Current law budget caps strain the Army's ability to bring into balance readiness, modernization and end strength. The Secretary and Chief have testified that it also puts at significant risk the Army's ability to meet the Army's obligations within the Defense Strategic Guidance and fulfill its national security requirements. Even as demand for Army forces is growing around the world, budget cuts are forcing the Army to reduce end strength to dangerously low levels.

The Secretary and Chief have also repeatedly testified that the minimum force necessary to execute the defense strategy was a force floor of 450,000 in the Regular Army, 335,000 in the Army National Guard and 195,000 in the Army Reserve – a total of 980,000 Soldiers. That assessment is based on certain planning assumptions regarding the duration, number and size of future missions. Unfortunately, the current law budget caps would force the Army to go substantially below that minimum force necessary – to an Army of just 920,000 Soldiers.

These reductions will be exacerbated if Congress fails to enact necessary compensation and force restructuring reforms included in the President's budget, to include BRAC authorization and allowing the Army's Aviation Restructuring Initiative (ARI) to be implemented. To the extent Congress does not approve the extra topline or the reforms, the Army would have to find another \$2-3B per year in reductions, thereby further diminishing the size and capability of our fighting force.

[Questions for the Record submitted by Congressman Dent for the Honorable Katherine Hammack follows:]

Army Force Structure Reduction

**Question:** Ms. Hammack, can you give examples of installations/States that have the greatest challenges as the Army draws down the force.

**Answer:** I can give you 30 examples of installations, based on the Supplemental Programmatic Environmental Assessment (SPEA) that the Army conducted. The completed National Environmental Policy Act (NEPA) document and its Finding of No Significant Impact (FNSI) can be accessed on the Internet at (<http://aec.army.mil/Portals/3/nepa/Army2020SPEAFNSI.pdf>).

In summary, the Army studied the socioeconomic impacts for our 30 largest installations which had a possibility of losing more than 1,000 Soldiers. At most installations, the socioeconomic impacts associated with an Active Component Army as low as 420,000, would be significant. In many cases, the socioeconomic impacts would be devastating under the worst case scenarios analyzed. Because the installation populations are declining, the environmental impacts are generally beneficial (less people and less activity equals less pollution). Since the SPEA was a required environmental document, the "Finding of No Significant Impact" refers to the environmental results of the study – clearly the socioeconomic impacts are significant.

Enclosed are three pages extracted from the FNSI that summarize the population and socioeconomic impacts at each of the 30 installations analyzed.

Table FNSI-1. Alternative 1—Force Reductions

Installation Name	Fiscal Year of Baseline Population	Baseline Permanent Party Soldier and Army Civilian Population <sup>a</sup>	Potential Population Loss Analyzed in the 2013 PEA	Potential Population Loss Analyzed in SPEA <sup>b</sup>	Lowest Potential Fiscal Year 2020 Baseline Permanent Party Soldier and Army Civilian Population
Aberdeen Proving Ground, Maryland	2013	12,335	--	4,300	8,035
Fort Belvoir, Virginia	2013	9,721	--	4,600	5,121
Fort Benning, Georgia	2011	17,501	7,100	10,800	6,701
Fort Bliss, Texas	2011	31,380	8,000	16,000	15,380
Fort Bragg, North Carolina	2011	52,975	8,000	16,000	36,975
Fort Campbell, Kentucky	2011	32,281	8,000	16,000	16,281
Fort Carson, Colorado	2011	25,702	8,000	16,000	9,702
Fort Drum, New York	2011	19,011	8,000	16,000	3,011
Fort Gordon, Georgia	2011	8,142	4,300	4,600	3,542
Fort Hood, Texas	2011	47,190	8,000	16,000	31,190
Fort Huachuca, Arizona	2013	5,841	--	2,700	3,141
Fort Irwin, California	2011	5,539	2,400	3,600	1,939
Fort Jackson, South Carolina	2013	5,735	--	3,100	2,635
Fort Knox, Kentucky	2011	13,127	3,800	7,600	5,527
Fort Leavenworth, Kansas	2013	5,004	--	2,500	2,504
Fort Lee, Virginia	2011	6,474	2,400	3,600	2,874
Fort Leonard Wood, Missouri	2011	9,161	3,900	5,400	3,761
Fort Meade, Maryland	2013	6,638	--	3,500	3,138

Finding of No Significant Impact

FNSI-4

Installation Name	Fiscal Year of Baseline Population	Baseline Permanent Party Soldier and Army Civilian Population <sup>a</sup>	Potential Population Loss Analyzed in the 2013 PEA	Potential Population Loss Analyzed in SPEA <sup>b</sup>	Lowest Potential Fiscal Year 2020 Baseline Permanent Party Soldier and Army Civilian Population
Fort Polk, Louisiana	2011	10,836	5,300	6,500	4,336
Fort Riley, Kansas	2011	19,995	8,000	16,000	3,995
Fort Rucker, Alabama	2013	4,957	--	2,500	2,457
Fort Sill, Oklahoma	2011	11,337	4,700	6,800	4,537
Fort Stewart, Georgia	2011	18,647	8,000	16,000	2,647
Fort Wainwright, Alaska	2011	7,430	4,900	5,800	1,630
Joint Base Elmendorf-Richardson, Alaska	2011	6,861	4,300	5,300	1,561
Joint Base Langley-Eustis, Virginia	2011	7,382	2,700	4,200	3,182
Joint Base Lewis-McChord, Washington	2011	36,222	8,000	16,000	20,222
Joint Base San Antonio-Fort Sam Houston, Texas	2013	12,256	--	5,900	6,356
USAG Hawaii (Fort Shafter), Hawai'i	2013	7,431	--	3,800	3,631
USAG Hawaii (Schofield Barracks), Hawai'i	2011	18,441	8,000	16,000	2,441

Note: These reductions are used as the maximum potential force reduction thresholds for each installation, thereby providing force structure decision makers with options as they consider what best serves the Nation's defense prior to determining units and locations to be affected by reductions. As with the 2013 PEA, the total maximum potential reduction numbers presented in this table far exceed what is needed to meet the Proposed Action.

<sup>a</sup> Populations include: Army military and Army civilians (excludes Army students and other military service personnel, contractors, and transients); population reduction numbers include full-time military and civilian employees only. Source of data is the Army Stationing Installation Plan (February 2012 for FY 2011 data and October 2013 for FY 2013 data). Where baseline populations differ from that in the 2013 PEA, differences represent corrections to data (e.g., removal of student populations because they are not part of the permanent party population). The population numbers do not include non-appropriated fund personnel.

<sup>b</sup> Potential population losses to be analyzed in the SPEA are inclusive of the numbers previously analyzed in the 2013 PEA.

**Table FNSI-4. Potential Socioeconomic Impacts of Alternative 1—Implement Force Reductions**

Installation	Sales	Income	Employment	Population
Aberdeen Proving Ground	LS	LS	LS	S
Fort Belvoir	LS	LS	LS	LS
Fort Benning	LS	LS	LS	S
Fort Bliss	LS	LS	S	S
Fort Bragg	LS	LS	S	S
Fort Campbell	LS	LS	S	S
Fort Carson	LS	LS	S	S
Fort Drum	S	S	S	S
Fort Gordon	LS	LS	LS	S
Fort Hood	LS	LS	S	S
Fort Huachuca	LS	LS	S	S
Fort Irwin	LS	LS	LS	LS
Fort Jackson	LS	LS	LS	S
Fort Knox	LS	S	S	S
Fort Leavenworth	S	S	S	S
Fort Lee	LS	LS	LS	S
Fort Leonard Wood	LS	S	S	S
Fort Meade	LS	LS	LS	LS
Fort Polk	LS	S	S	S
Fort Riley	S	S	S	S
Fort Rucker	LS	LS	LS	S
Fort Sill	S	S	S	S
Fort Stewart	S	S	S	S
Fort Wainwright	LS	LS	S	S
Joint Base Elmendorf-Richardson	LS	LS	S	S
Joint Base Langley-Eustis	LS	LS	S	S
Joint Base Lewis-McChord	LS	LS	LS	S
Joint Base San Antonio-Fort Sam Houston	LS	LS	LS	LS
USAG Hawaii—Schofield Barracks and Fort Shafter	LS	LS	S	S

Notes: LS – less than significant, S – significant

[Questions for the Record submitted by Congressman Dent for the Honorable Katherine Hammack follows:]

Army Force Structure Reduction

**Question:** Beginning in what fiscal year will the Committee see military construction requirements for this decision, if any are needed?

**Answer:** The MILCON projects requested in the FY16 Presidents' Budget request are neutral to pending force structure decisions associated with end-strength reductions. They will remain requirements regardless of the final force structure decisions made within the framework of the Supplemental Programmatic Environmental Assessment. In future budget cycles, the Army will continue to assess planned MILCON against approved force structure and adjust its MILCON program accordingly.

Once Army Force Structure reductions are finalized, the Army will reprioritize MILCON projects into the program that were deferred pending force structure reductions and revalidate deferred projects. Any needed military construction requirements resulting from final Force Structure decisions may be submitted as early as fiscal year 2017.



[Questions for the Record submitted by Congressman Dent for the Honorable Katherine Hammack follows:]

Army Force Structure Reduction

**Question:** The Army began force reductions in fiscal year 2012 focused initially on our overseas locations. In addition, then Secretary Panetta requested the European Infrastructure Consolidation (EIC) study which reduced the footprint even further. Can you please tell the Committee what the Army's current footprint is overseas and where reductions have been already been taken and what, if any further reductions are planned.

**Answer:** For many years, the Army has been examining and adapting its European facility infrastructure footprint through established DoD procedures to ensure it is right-sized for mission and force structure requirements. The OSD-led EIC study allowed the Army to continue this examination and adaptation in more holistic and focused manner involving the entire DoD team. When the EIC process began, the Army's facility infrastructure footprint in Europe existed on 10 main operating bases (garrisons) composed of 96 sites. Initial divestitures and realignments, decided as part of the EIC process, started in FY 14 in Germany, Italy, and Belgium, and the Army's current facility infrastructure footprint consists of 7 main operating bases (garrisons) composed of 84 sites. These sites are comprised of about 68 million square feet of building space. Between now and FY 23, additional divestitures and realignments, decided as part of the EIC process, will occur in Germany, Belgium, and the Netherlands, resulting in a facility infrastructure footprint of 7 main operating bases (garrisons) composed of 73 sites. Although no further reductions are currently approved, the Army will continue to examine and adapt its facility infrastructure footprint in Europe through established DoD procedures as mission and force structure adjustments occur.

[Questions for the Record submitted by Congressman Dent for the Honorable Katherine Hammack follows:]

Army Force Structure Reduction

**Question:** During the EIC were there any analyses or comparisons of our footprint overseas to that of the footprint in CONUS?

**Answer:** The Army did not analyze or compare its facility infrastructure footprint in CONUS to that of its footprint in Europe during the EIC process.

[Questions for the Record submitted by Congressman Dent for the Honorable Miranda Ballentine follows:]

The fiscal year 2013 Air Force budget request took a deliberate pause in military construction accounts with a \$1.8 billion reduction. The fiscal year 2014 budget request was significantly higher and was focused on new mission requirements. The Air Force fiscal year 2015 budget request was \$241 million below the fiscal year 2014 enacted levels and now your fiscal year 2016 budget request is significantly higher - \$577 million above the fiscal year 2015 enacted levels.

**Question:** We have heard the phrase "striking a delicate balance". Is this up and down budgeting away to achieve this type of balance?

**Answer:** In our fiscal year 2015 budget request, the Air Force attempted to strike the delicate balance between a ready force for today with a modern force for tomorrow while also recovering from the impacts of sequestration and adjusting to budget reductions. To help achieve that balance the Air Force elected to accept risk in installation support, military construction and facilities sustainment. These reductions were critical to maintain adequate resourcing across the Future Years Defense Program enabling Air Force core missions—air and space superiority; intelligence, surveillance, and reconnaissance; rapid global mobility; global strike; and command and control. However, in the fiscal year 2016 request, the Air Force begins to reduce the impacts of that risk by increasing funding for installations in all three of the areas noted above.

[Questions for the Record submitted by Congressman Dent for the Honorable Miranda Ballentine follows:]

***Question:*** Can you explain what the Air Force's primary focus is with fiscal year 2016 budget request?

***Answer:*** Our \$1.6 billion fiscal year 2016 Military Construction (MILCON) request supports a three-pillar strategy: first, supporting combatant commanders' requirements which account for approximately 21 percent of the budget request; second, aligning with the Secretary of the Air Force's key priorities--nuclear, space, and cyber, which together account for about 17 percent of our MILCON request; and third, balancing MILCON for today's readiness with MILCON to bed down our modernized weapon systems, at about 26 percent and 16 percent respectively, of our overall budget request. We have also requested about \$168 million for dormitories and other quality of life projects.

[Questions for the Record submitted by Congressman Dent for the Honorable Miranda Ballentine follows:]

***Question:*** How much of your fiscal year 2016 request is in support of Combatant Commanders requirements?

***Answer:*** Approximately 21 percent of the Air Force's fiscal year 2016 military construction budget request supports combatant commander requirements. Of this portion of the fiscal year 2016 budget, U.S. Pacific Command and U.S. European Command requirements make up approximately 78 percent (39 percent each), U.S. Africa Command about 15 percent, and U.S. Central Command about 7 percent.

[Questions for the Record submitted by Congressman Dent for the Honorable Miranda Ballentine follows:]

**Question:** The fiscal year 2015 budget request did not contain any funding for Family Housing Construction, Air Force. The fiscal year 2016 budget request contains \$161 million - can you explain what this request will provide for Air Force family housing construction.

**Answer:** The \$161 million fiscal year 2016 Family Housing military construction budget request provides the following: renovation of 53 family housing units at Yokota Air Base, JP; a new housing support facility at Ramstein Air Base, GE; new heating and air conditioning, electrical, and insulation system upgrades for Misawa Air Base, JP housing units; and, finally, much needed infrastructure improvements supporting Kadena Air Base, Camp McTureous, and Camp Foster family housing on Okinawa, JP.

[Questions for the Record submitted by Congressman Dent for the Honorable Miranda Ballentine follows:]

**Question:** The European Infrastructure Consolidation study produced eight consolidation opportunities for the Air Force. Can you walk the Committee through the consolidation in the United Kingdom and give us an estimate of costs associated with the consolidation and potential savings that will be achieved.

**Answer:** The European Infrastructure Consolidation initiative identified closure and realignment actions that carefully preserved our full mission capability in Europe while simultaneously realizing efficient and effective use of our defense dollars. The Air Force will divest RAF Alconbury and RAF Molesworth and return the installations to the United Kingdom. The intelligence and support elements located at RAF Alconbury and RAF Molesworth, including the U.S. European Command Joint Intelligence Operation Center-Europe Analytic Center, the U.S. Africa Command J2-Molesworth, the NATO Intelligence Fusion Centre, and the Regional Joint Intelligence Training Facility, will be consolidated and relocated to RAF Croughton, UK, to create efficiencies in operational mission support. This consolidation includes the transfer of assigned US personnel and many of the US-funded host nation positions to RAF Croughton. This consolidation is estimated to cost approximately \$418 million and save approximately \$74 million per year. The divestitures at RAF Alconbury and RAF Molesworth are estimated to begin in 2019.

The Air Force will divest RAF Mildenhall and return the installation to the United Kingdom. The Air Force will relocate air refueling aircraft and associated support assets to Ramstein Air Base, Germany; relocate Air Force Special Operations Command aircraft and personnel to Spangdahlem Air Base, Germany; and relocate Headquarters U.S. Air Forces in Europe-United Kingdom and regional support functions to RAF Lakenheath, UK. This consolidation is estimated to cost approximately \$575 million and save approximately \$128 million per year. The divestiture at RAF Mildenhall is estimated to begin in 2019.

[Questions for the Record submitted by Congressman Dent for the Honorable Miranda Ballentine follows:]

Guam Strike and Mariana Islands

**Question:** The fiscal year 2016 budget includes \$267 million for Guam JRM-Andersen. Are the mission requirements for Joint Region Marianas finalized and budgeted for in the out-years? If not has the Air Force included a "wedge" of funding in the future years defense program to account for future military construction projects?

**Answer:** Regarding Air Force military construction for Joint Regional Marianas-Andersen, GU we have requested \$85.2 million in fiscal year 2016, \$10.7 million in fiscal year 2018, \$4.6 million in fiscal year 2019 and \$147 million in fiscal year 2020 to address mission needs. Our combatant command and major command partners continue to refine mission requirements across the Pacific that could increase mission needs at Joint Regional Marianas-Andersen, GU.



[Questions for the Record submitted by Congressman Rogers for Mr. John Conger follows:]

**Question:** A standing appropriation exists for a new medical treatment facility at Fort Knox, which is intended to replace the oldest hospital in the Army's inventory. In FY14, Congress authorized and appropriated \$145 million for this new medical facility. When do you expect the appropriation to result in an RFP notification? What is the expected timeframe for a new facility to be completed?

**Answer:** As a result of the Army's force structure reductions, which eliminated the Brigade Combat Team at Fort Knox, the Department cancelled the FY 2014 medical facility replacement project. The Department subsequently reassessed the health care requirement and determined that a primary care clinic with select non-surgical specialty care capability is the right solution to support Fort Knox. Because the appropriations from the cancelled FY 2014 project are still available within DoD, the Department is requesting a new authorization (\$80M) for the primary care clinic in the FY 2016 President's budget. Should that authorization be approved, we can utilize funds originally appropriated for this project.

[Questions for the Record submitted by Congressman Rogers for the Honorable Katherine Hammack follows:]

***Question:*** A standing appropriation exists for a new medical treatment facility at Fort Knox, which is intended to replace the oldest hospital in the Army's inventory. In FY14, Congress authorized and appropriated \$145 million for this new medical facility. When do you expect the appropriation to result in an RFP notification? What is the expected timeframe for a new facility to be completed?

***Answer:*** The Defense Health Agency notified Congress on March 31, 2014 that the medical facility project at Fort Knox, Kentucky authorized in the 2014 National Defense Authorization Act would be cancelled. The Defense Health Agency has subsequently prepared a reduced scope for the project and submitted for Fiscal Year 2016 authorization. If authorized, the new project would be awarded in Fiscal Year 2016.

[Questions for the Record submitted by Congressman Fortenberry  
Mr. John Conger follows:]

**Question:** For Mr Conger - Is there a mechanism for the DoD to assist with funding the new Omaha levee? Does the DoD have the authorities it is needs to assist with the funding?

**Answer:** Rather than a new levee, we understand that the Papio-Missouri River Natural Resources District (PMRNRD) is pursuing a modification to the Missouri River levees R-613 and R-616 located at Omaha, NE, in order to meet new Federal Emergency Management Agency (FEMA) accreditation standards. In a Memorandum and Agreement dated February 7, 1974, the PMRNRD's predecessor agreed to maintain and operate the levees in question in accordance with regulations prescribed by the Secretary of the Army. The modification of the levees is considered to be within the scope of those responsibilities. Furthermore, because the Air Force has already conveyed an easement to PMRNRD for the property that the levee traverses, it is no longer an appropriate location to undertake military construction and the Department has no military construction authority to assist with funding PMRNRD's undertaking and no plans seek authority to assist with funding the modifications. Should PMRNRD wish to study development of a new civil works project for the area including Offutt AFB, rather than a modification of the existing project, it should work with the U.S. Army Corps of Engineers to determine whether the project in question meets the criteria to be submitted as a new civil works project.

[Questions for the Record submitted by Congressman Fortenberry for Mr. John Conger follows:]

**Question:** For Mr Conger - to provide verbiage for new BRAC (or Military Installation Savings Commission) legislation.

**Answer:** The Department intends to submit BRAC legislation that is quite similar to the BRAC legislation that governed the BRAC 2005 process. That said, as I indicated at the hearing the Department is willing to discuss changes to accommodate congressional concerns. We just need to be careful about altering the fundamental principles of the process.

For example, Congressman Adam Smith circulated an amended version of the BRAC authorization last year, proposing several changes to the BRAC process. His bill required a certification that the new round would primarily focus on eliminating excess infrastructure; it required emphasis on the cost criteria as well as military value; it required all recommendations to be completed more quickly – within five years rather than six; and it required master plans that would constrain the execution of recommendations and limit cost growth. Taken together, the intent is clear: the Smith proposal is designed to create cost and business case constraints on the BRAC process from the outset – the proposal advances a constructive discussion of BRAC authorization. Unfortunately, several aspects of that proposal would fundamentally alter key aspects of what makes BRAC work: the priority given to military value; insulation from politics; and, the legal obligation to implement the recommendations together with the authorities needed to satisfy that legal obligation.

Whatever changes we discuss, the key is maintaining the essence of the BRAC process: treating all bases equally, all or none review by both the President and Congress, an independent Commission, and a clear legal obligation to implement all of the recommendations in a time certain together with all the authorities needed to accomplish implementation (specifically MILCON).

[Questions for the Record submitted by Congressman Fortenberry for the Honorable Katherine Hammack follows:]

**Question:** For each of the services - to provide feedback if a BRAC can be "segmented" and then study each segment for transition to communities (look at categories instead of bases).

**Answer:** The Army seeks support for a BRAC focused on cost saving efficiencies to support infrastructure consolidation. The BRAC process saves money and is a proven, fair, and cost effective process. The requested BRAC will focus on efficiency and cost savings more closely resembling the circumstances of earlier BRAC rounds: a shrinking Army force structure, smaller budgets, and a relatively similar overseas stationing plan.

The established BRAC process already provides flexibility to study discrete categories of facilities or missions such as institutional training, logistics, and medical. The BRAC Commission is able to consider both closure and realignment recommendations developed not only from the individual military services, but also from joint cross-service working groups that examine broad functional categories of facilities.

A BRAC that "segments" or closes or realigns part of an installation and transfers part of the installation to the community is feasible, just in the same way we established "enclaves" in previous BRAC rounds (i.e. Fitzsimons Army Hospital; Fort Gillem, GA; Fort Devens, MA; and Fort Sheridan, IL). This approach, however, can significantly limit savings because the cost of running an installation remains relatively fixed regardless of whether its supported population and building square footage is reduced by 10%, 20%, or even 40%. The reason for this inelastic cost and population relationship is because an Army installation has a core set of installation services it must provide with Army staff (supplemented by contractors) as long as there is an open installation.

Closing installations maximizes savings because it eliminates the underlying requirements. BRAC has been demonstrated to be a flexible process enabling the Army to partially close an installation thereby reducing its infrastructure while retaining minimum essential maneuver space, ranges, and/or critical facilities to support current and future readiness and mobilization needs.

[Questions for the Record submitted by Congressman Fortenberry for the Honorable Dennis V. McGinn follows:]

**Question:** For each of the services - to provide feedback if a BRAC can be "segmented" and then study each segment for transition to communities (look at categories instead of bases).

**Answer:** The Department of Navy believes a comprehensive approach, as was utilized in previous BRAC rounds, to be the best process to evaluate opportunities for properly aligning our domestic infrastructure with our evolving force structure and laydown. We believe the only fair and thorough way to determine whether there is excess capacity within the Department is to conduct the analysis using certified data that collects detailed information from each base across a broad array of interdependent functions and metrics and compares this information to current and projected force structure capabilities and requirements. To ultimately determine the most cost effective and operationally efficient locations for missions and functions, we need to be able to evaluate multiple alignment scenarios across the full spectrum of installations. Because of complex functional relationships and the fact that a single installation can serve multiple categories of mission and function needs, we believe that a "segmented" approach could be very misleading and not only sub-optimize potential cost savings, but could also lead to detrimental operational impacts and added costs.

[Questions for the Record submitted by Congressman Fortenberry for the Honorable Miranda Ballentine follows:]

**Question:** For each of the services - to provide feedback if a BRAC can be "segmented" and then study each segment for transition to communities (look at categories instead of bases).

**Answer:** The primary savings generated from a BRAC closure come from the complete divestiture of infrastructure and support resources for an installation. Reduction in infrastructure footprint and lowered sustainment costs from a partially closed installation pale in comparison to the savings from a fully closed installation.

The benefit of following a BRAC process is that it does address community concerns by offering Office of Economic Adjustment (OEA) assistance to communities. The OEA equips communities with information, procedures, and technical and financial assistance needed to plan and implement economic recovery efforts. Additionally, communities may also benefit from BRAC if their local installation is selected to gain mission and personnel. The goal of BRAC is cost reduction through installation footprint consolidation so while some bases may close, others may experience growth.

[Questions for the Record submitted by Congressman Rooney for the Honorable Katherine Hammack follows:]

I have received information that suggests despite the fact that some current housing facilities are slated for demolition, there is no final agreement for on-post family housing because the Department of Defense has not approved a special on-post Overseas Housing Allowance District despite the inclusion of this districting in the solicitation for bids.

**Question:** Honorable Hammack, can you talk about the plan to expand and improve on-base housing on Camp Humphrey's? Has a contract been awarded for the construction of on-post housing at Camp Humphreys? If so, has construction begun? If not, why not? When will the project move to construction?

**Answer:** The United States Forces Korea (USFK) Commander has determined that 2,768 Command Sponsored Families (CSFs) will be required at United States Army Garrison (USAG) Humphreys and that at least 1,108 CSF reside on post to facilitate operational readiness. Currently, USAG Humphreys has 358 units of Army owned family housing on-post, and plans to retain 352 of these units. The Republic of Korea Government (ROKG) has funded 331 more AFH residences that are under contract for construction. As a result, by 2017, USAG Humphreys will have 683 AFH units on-post. The Army programmed the construction of an additional 432 AFH residences. If the programmed units are constructed, it will be possible to house 1,115 (40%) of the CSFs on the installation. The two AFH Construction (AFHC) projects are programmed for FY2017 (\$147.0M) and FY2019 (\$153.0M), each 216 units, comprised of three 72-unit towers.



[Questions for the Record submitted by Congressman Joyce for the Honorable Dennis V. McGinn follows:]

Secretary McGinn, the Secretary of the Navy, Ray Mabus, has said 3% of the total energy consumed on ships is saved by switching to LED lights. It is my understanding that to date, almost 13% of the Navy's fleet has converted to tubular-LED lighting. There are significant cost savings and energy efficiency benefits that can be realized from tubular-LED technology, as exhibited by its successful adoption onboard Navy ships.

**Question:** Would you agree that this savings warrants revising the uniform facilities criteria to allow for the option of tubular-LED technology on bases?

**Answer:** The existing Unified Facilities Criteria (UFC) supports the installation of T-LED systems in new construction. The UFC also supports the replacement of existing lighting systems with T-LED systems (full fixture and tube replacement). In the case of retrofitting non-LED fixtures with T-LED bulbs, we intend to work with industry to address any technical issues relating to the compatibility of existing fixtures with T-LEDs. We hope that engagement will enable us to more broadly and quickly adopt the technology.

[Questions for the Record submitted by Congressman Bishop for Mr. John Conger follows:]

**Question:** Highlight the severe and negative consequences of sequestration on your services' ability to carry out its construction program? How much does it cost to maintain this excess capacity?

**Answer:** The Budget Control Act (BCA) cap forces the Department to accept significant risk in facility maintenance and recapitalization, which drives increases in our maintenance backlog and the subsequent requirement for even greater military construction. Under the BCA cap, we must defer most recapitalization military construction requirements to ensure we have the ability to carry out mission critical military construction, which is also prioritized. The Navy has indicated that the cumulative effect of the BCA impact over the last several years has compelled it to reduce funding in shore infrastructure to preserve the operational readiness of our Fleet. As a result, many of our shore facilities are degrading at an accelerated rate. An example of this was seen at Naval Air Station China Lake's airfield. Deferral of major asphalt overlays caused all three runways to deteriorate, compromising readiness. In early 2014, pieces of the crumbling runway caused damage to an F/A-18F. The Army, Air Force, and the Defense Agencies are being equally challenged with spreading decreased investment accounts across their inventory and maintaining readiness.

With respect to the cost to maintain excess capacity, the Army indicated that its analysis demonstrates that it is maintaining about 18 percent excess capacity with an Active Army force of 490K. Parametric analysis equates this excess to about 160 million square feet, which at an average maintenance cost of about \$3 per square foot, requires the Army to spend approximately \$480 million dollars per year to maintain. Additional force reductions will exacerbate the increased excess capacity and costs diverting resources from other readiness or military construction projects.

[Questions for the Record submitted by Congressman Bishop for the Honorable Katherine Hammack follows:]

**Question:** Highlight the severe and negative consequences of sequestration on your services' ability to carry out its construction program? How much it cost to maintain this excess capacity?

**Answer:** Fiscal Year 2016 President's Budget (FY16 PB) request reflects the impact of sequestration on facility investments. Army continues to take risks in facility investments in order to mitigate the impact to its readiness from the reduced budgets of recent years.

This creates a backlog of construction projects required to replace poor and failing facilities. Further prolonged under-investment will cause accelerated degradation of the facilities that will ultimately result in increased requirements for replacement facilities (Military Construction). We are already operating out of many inadequate facilities across the Army and owe our Soldiers and Families adequate facilities in which to train, operate and live.

Finally, the Army has completed an analysis which indicates we have about 18 percent excess capacity with an Active Army force of 490K. That equates to about 160 million square feet, which at an average sustainment cost of about \$3 per square foot, equals about \$480 million dollars per year. The Army has not completed our analysis of additional force reductions that might be required or which installations will be impacted, but it follows that additional force reductions will result in additional excess capacity with more dollars spent on maintenance of excess facilities.

[Questions for the Record submitted by Congressman Bishop for the Honorable Dennis V. McGinn follows:]

**Question:** Highlight the severe and negative consequences of sequestration on your services' ability to carry out its construction program? How much it cost to maintain this excess capacity?

**Answer:** The fiscal challenges we face today will be exacerbated and significant challenges will be forced on all Services if FY16 sequestration reductions are implemented. We continue to evaluate long-term impacts of sequestration. Although the Marine Corps has made significant progress over the last 8 years in replacing old and unsatisfactory buildings, delayed or canceled military construction projects will have long term impacts on the future operating budget, force posture, and the overall welfare of our Marines. The Navy has been compelled to reduce funding in shore readiness since FY 2013, and as a result, many Navy shore facilities are degrading. At sequestration levels, this risk will be exacerbated and the condition of our shore infrastructure, including piers, runaways, and mission-critical facilities, will further erode. Specific examples of recent failures include:

- China Lake Airfield. Deferral of major asphalt overlays caused all 3 runways to deteriorate into a compromised state of readiness simultaneously. In early 2014, pieces of the crumbling runway caused damage to an F/A-18F.
- PAX River Airfield. A SRM project had to be phased due to limited availability of funds resulting in delayed restoration and increased operational risk. As a result of deteriorated conditions, the right door and the external flap of the engine exhaust nozzle on a BF-5 aircraft was damaged.
- Rota Communications Facility. Due to funding shortfalls, the Navy was unable to perform required repairs to the facility. In early 2015, the facility suffered extensive flooding due to heavy rain. Flooding compromised multiple spaces, with some water entering through the foundation walls. This resulted in significant mold, and accelerated foundation/structural degradation which could have been avoided if repairs had been accomplished in a timely manner.

If sequestration continues, examples of potential future DON impacts include:

- Lack of airfield maintenance will cause foreign object debris (FOD) that could damage aircraft
- Lack of pier maintenance could compromise Navy's ability to resupply, maintain and deploy ships
- Deferred sustainment of our training ranges impacts warfighter training and readiness
- Unresolved HVAC problems can lead to mold and health issues in our barracks
- Delaying roof repairs can lead to leaks that will deteriorate the building structure and interior, making operational and maintenance facilities unusable

The Department of Defense released an assessment of sequestration impacts in an April 2014 report, "Estimated Levels of Sequestration-Level Funding," and we continue to review and refine this assessment as conditions warrant.

[Questions for the Record submitted by Congressman Bishop for the Honorable Miranda Ballentine follows:]

**Question:** Highlight the severe and negative consequences of sequestration on your services' ability to carry out its construction program? How much it cost to maintain this excess capacity?

**Answer:** Without Budget Control Act (BCA) 2011 relief in fiscal year 2016, the risk assumed to Air Force infrastructure could have severe impacts to mission readiness. At BCA levels, the Air Force would expect hundreds of millions of dollars in reduction to Military Construction funding. Such a reduction would result in reduced support to combatant commands, reduced funding to upgrade the nuclear enterprise and support for new weapons systems beddowns, and reduced funding for quality of life military construction.

A sequester-level budget would undermine the Department's ability to meet the current defense strategy, have consequences to economic growth and national security at a time when our military is stretched on a whole range of issues. Therefore, the Department urges Congress to support the budget the President has put forward that will avoid sequestration's harmful budget cuts and reduce the deficit in a balanced way.

The Air Force recently completed a parametric capacity analysis and has estimated it has about 30 percent excess infrastructure capacity. Only through a comprehensive BRAC analysis can we produce a more detailed estimate of the portion of our installations budget tied to excess infrastructure.

[Questions for the Record submitted by Congressman Bishop for Mr. John Conger follows:]

***Question:*** Is the budget driving these rounds or the drawdown of forces? The 2005 BRAC was more of a realignment BRAC than an efficiency BRAC, what type of BRAC would this new round be if it happens?

***Answer:*** The Department's BRAC request reflects the desire to eliminate excess infrastructure to achieve efficiencies. By increasing the Department's excess capacity, the drawdown of forces confirms the opportunity to secure savings. If we do get authority to conduct a BRAC round, our goal would be focused on efficiency and savings.

[Questions for the Record submitted by Congressman Bishop for Mr. John Conger follows:]

***Question:*** How much did the 2005 BRAC save the Department and why did that BRAC not close anything.

***Answer:*** BRAC 2005 saves the Department \$4 billion annually and resulted in 24 major base closures, 24 major base realignments, and 765 minor base closures and realignments.

[Questions for the Record submitted by Congressman Bishop for the Honorable Katherine Hammack follows:]

***Question:*** Considering the pending drawdown, what will be the biggest challenges affecting the Army's construction program? What capacity problems will you have once the Army goes below 490,000?

***Answer:*** In future budget cycles, the Army will continue to assess planned MILCON against approved force structure and adjust its MILCON program accordingly. The biggest challenges affecting the Army's construction program include reprioritizing and revalidating projects that were deferred pending force structure reductions. In addition, the Army will continue to operate out of failed and failing facilities that do not meet its mission requirements.

The Army has not completed an analysis of excess capacity for an Army smaller than 490,000. It follows that additional force reductions will result in additional excess capacity with more dollars spent on maintenance of excess facilities.



[Questions for the Record submitted by Congressman Bishop for the Honorable Dennis V. McGinn follows:]

**Question:** What is the construction plan supporting the new South Pacific strategy? What types of projects will we see in the Pacific in the future and how will lower budgets affect investment in this area?

**Answer:** With regards to the Marine Corps presence in the South Pacific (Darwin, Australia), the decision on construction plans and the use of U.S. appropriated funds for the construction or sustainment of facilities cannot be made until the final implementation agreements between the Department of State/Department of Defense and the Government of Australia are approved. These discussions are ongoing.

Future plans for Marine Corps construction in the Pacific in general (Hawaii, Guam, and Japan) include necessary operational, maintenance, logistics, training, quality of life, and infrastructure projects to support the introduction of new aviation platforms in Hawaii and Japan, supporting the relocation of Marines to Guam, and the replacement/renovation of inadequate facilities in Hawaii and Japan.

Impacts to MILCON due to sequestration/lower budgets, including MILCON in the Pacific, would need to be part of a larger conversation about what are the priorities of the Department and the defense strategy under a sequestered budget.

[Questions for the Record submitted by Congressman Farr for Mr. John Conger follows:]

Environmental Cleanup

Environmental issues may not be at the top of DOD's "To Do" list, but it worries me to see the continual downward slide of funds related to environmental issues. Last year of the five environmental accounts outlined in your testimony, four were cut. This year, three of the four environment accounts were cut.

**Question:** How do you justify this constant underfunding of DOD's commitment to environmental clean-up and remediation?

**Answer:** DoD remains fully committed to funding environmental cleanup. As part of that commitment, the Department has spent over \$31 billion to date on environmental cleanup and established aggressive goals to complete cleanup at 90 percent of our cleanup sites by the end of FY 2018 and 95 percent of cleanup sites by end of FY 2021. The funding requests for each of the five environmental remediation accounts may fluctuate year to year reflecting the Department's "bottom up" approach to build the funding required to complete cleanup.

The Department's FY 2015 budget request for the five environmental restoration accounts was 15 percent lower compared to the FY 2014 budget request due to the constraints of the Budget Control Act. Under the same constraints, the overall FY 2016 cleanup budget request increased by \$3 million compared to the FY 2015 request. The Department anticipates meeting our FY 2018 and FY 2021 cleanup completion goals with the requested funding.

[Questions for the Record submitted by Congressman Farr for Mr. John Conger follows:]

#### BRAC

I am concerned that the DOD and the Services are nickel-and-diming bases to death. We have a hollowing-out of our installations. Given the budget pressures, the Pentagon keeps cutting at bases without an over-arching plan or strategic goal. I am not a fan of BRAC but I believe that without another BRAC round we will be left with a bunch of empty bases with no troops to fill them that cost the tax payers large amounts of money to keep open. As these bases are hollowed out, the surrounding civilian community suffers. Without a formal BRAC, there are few resources available to these communities to rebuild and re-use the installation properties. This is inefficient, ineffective, and unsustainable.

**Question:** If Congress is unable to fully authorize DoD's request for BRAC, what is the next best thing Congress could do to help DoD move in that direction?

**Answer:** Because BRAC is the only fair, objective, and proven process for closing and realigning installations – and the only comprehensive way to get at savings of this magnitude – there really isn't anything Congress can do short of BRAC to address the very real issues you identified.

[Questions for the Record submitted by Congressman Farr for Mr. John Conger follows:]

BRAC

In the FY 2015, Military Construction, VA Appropriations Bill, this Committee stated that "DoD should not solely focus on cost analysis and military training value when going through the BRAC process, but should heavily consider the importance and cost of intellectual capabilities of a region, especially with military academic and technical organizations."

**Question:** In considering either downsizing or a BRAC, what is the metric applied to military education? How would OSD incorporate intellectual capacity into its criteria separate from "military value"?

**Answer:** As part of any downsizing or BRAC process that eliminates personnel positions, the Military Departments and other Defense agencies include an assessment of the education and experience capabilities of its work force required to meet particular missions constrained by the amount of resources it has to complete this mission. The method and metrics used in these assessments vary by the missions affected. In the BRAC process, OSD believes that intellectual capital or capacity is best incorporated into the military value criteria because these criteria have primary consideration and are broadly applicable. This makes sense because specialists such as scientists and engineers add value to the military mission. In BRAC 2005, the Technical Joint Cross Service Group had a number of metrics related to intellectual capabilities that comprised the military value score. For example, they measured the educational levels, years of experience, patents held, and technical papers published by the technical and professional workforce.

[Questions for the Record submitted by Congressman Farr for Mr. John Conger follows:]

**Question:** For each of the services - to provide feedback if a BRAC can be "segmented" and then study each segment for transition to communities (look at categories instead of bases).

**Answer:** We do not believe it is prudent to segment BRAC because this would undercut one of the key principles of BRAC - treating all bases equally. In addition, such an approach would slow the process down and create unnecessary turmoil in communities as each community waited for DoD and the BRAC Commission to evaluate its segment. Furthermore, looking at categories of bases rather than individual bases ignores the factual reality that a single installation can both fall within and meet the mission needs of several categories. The Department believes a comprehensive approach that is reviewed and revised by the independent BRAC Commission is the best process for DoD and the communities.

[Questions for the Record submitted by Congressman Farr for the Honorable Katherine Hammack follows:]

BRAC

In your testimony, you cited that the European Infrastructure Consolidation (EIC) "followed the BRAC analytic methods and laid the foundation for the next round of BRAC. BRAC is a proven, fair, and cost effective process; the savings validated by the Government Accounting Office (GAO)." In a report from March 2013, GAO, itself, found that opportunities exist to improve future BRAC methods, including specific requirements that are entered into the Cost of Base Realignment Actions (COBRA) model.

**Question:** How do you propose a new round of BRAC if the criteria are based on BRAC policy and values that have not been reassessed in decades? I am especially concerned about the value of military education not being properly addressed by COBRA.

**Answer:** The Army welcomes a discussion with the Congress to decide what the appropriate BRAC selection criteria ought to look like in a future BRAC round.

The Department's proposed future BRAC military value criteria are very flexible. Criterion #1 as proposed would be "the current and future mission capabilities and the impact on operational readiness of the total force of the Department of Defense, including the impact on joint warfighting, training and readiness."

The Army believes this language is suitable for a future BRAC round and sufficiently integrates the value of all training programs, to include military education, which support the Army's operational readiness.

[Questions for the Record submitted by Congressman Farr for the Honorable Katherine Hammack follows:]

Cleanup

In your testimony, you stated that the current estimated cost to complete all Army BRAC environmental cleanup requirements is \$957 million over a period of approximately 30 years.

**Question:** How is it reasonable that the Department of Defense asks a community to wait for 30 or more years to have their land cleaned up?

**Answer:** Communities have observed Army excess land put back into re-use much earlier than 30 years. For example, two-thirds of the Army's ~70,500 acres of excess BRAC 2005 property has already been conveyed to communities or transferred to other federal and state recipients, less than 4 years since the BRAC 2005 closure and realignment decisions were completed in September 2011. Cleanup and transfer of excess property are follow-on actions after installation closure or realignment occurs.

The statement referred to is an estimate of the Army's environmental liability, which the Army calculates based on a 30-year requirement for studies, remedial actions, operation of remedial systems, and long-term monitoring to ensure remedies remain in place and effective. The Army expects that required remedies will be in place and operating properly and successfully in the next few years. A considerable portion of the estimated costs in my testimony are for the follow-on operating and monitoring costs that do not preclude redevelopment and re-use of the property.

In accordance with the Defense Environmental Restoration Program and BRAC Implementation policy, the Army's approach to property disposal is to clean up property to ensure the protection of human health and the environment, enable redevelopment that is compatible with the property's condition and the current or reasonably anticipated land uses, return property to re-use as quickly as possible, receive a fair and reasonable return on taxpayer investment to help finance environmental restoration costs, and avoid unnecessary caretaker costs. The Army has made significant progress with BRAC excess property disposal and has returned 76% of all previous BRAC round excess property back to communities and other willing recipients for beneficial reuse. Only in very rare or complex cases do cleanups exceed 30 years. These cases include the cleanup of sites where military munitions are known to be present, and complex ground water treatment sites where the treatment systems have to operate for extended periods to meet regulatory cleanup goals. In such cases the property can often be conveyed or transferred once the remedies are in place and effective, and the long-term monitoring can occur while the property is back under community control.

[Questions for the Record submitted by Congressman Farr for the Honorable Katherine Hammack follows:]

Cleanup

**Question:** Can your office provide me with the details of the cleanup work that will be done at Fort Ord this year? I understand that funds set aside last year combined with this year's funds, there will be substantial cleanup activity at Fort Ord.

**Answer:** I am pleased to report that the Army has accelerated environmental cleanup at most BRAC installations, to include Fort Ord. The Army provided Fort Ord's environmental cleanup program over \$93M in FY14 and plans to provide an additional \$23M during FY15. With these funds, the Army plans to conduct extensive munitions response actions (e.g., investigation for and removal of unexploded ordnance or UXO), install new ground water treatment systems, and continue the ongoing landfill maintenance and thermal treatment of landfill gas.

Two prescribed burns are scheduled this fall at Units 11 & 12. These burns will clear vegetation from approximately 476 acres within the BLM Area (Impact Area) to facilitate the safe removal of UXO and other military munitions that may be present. The Army also plans to mechanically clear an additional 500 acres of the Impact Area which will then be cleaned of UXO and other military munitions. Additionally the CERCLA Proposed Plan for BLM Area B will be published this year. Prescribed burns and munitions response actions are planned for this area, which is outside the Impact Area, starting in 2016.

Ongoing groundwater cleanup and monitoring efforts will continue at Operable Units 2 and 2/12, to include the construction of a soil gas extraction and treatment system for Sites 2/12, and construction of a new groundwater treatment system for OU-2 which is expected to be completed in 2016.



[Questions for the Record submitted by Congressman Farr for the Honorable Katherine Hammack follows:]

Monterey Model

New authority for Intergovernmental Service Agreements (IGSA) was enacted as part of the FY15 NDAA. As you know this "Monterey Model" is designed to give base commanders the ability to enter into service arrangements with local governments for municipal services. I want to make sure that implementation of these IGSA's is going smoothly and not impeded by bureaucratic roadblocks. The whole point of this new authority is to get these arrangements out from under the FAR and other procurement procedures.

**Question:** What is the Army doing to expedite guidance for base commanders to use IGSA's in order to ensure other military bases and communities benefit from the lessons learned with the "Monterey Model"?

**Answer:** What is the Army doing to expedite guidance for base commanders to use IGSA's in order to ensure other military bases and communities benefit from the lessons learned with the "Monterey Model"?

**Answer:** The Army is in the process of implementing its plan to use the new authority. Internally, the Army will communicate with its commanders through official orders and Army Senior Leader correspondence, to distribute templates and communicate how IGSA's may now use legal instruments other than FAR-based contracts. The Army will also ensure that commanders fully understand the process of submitting IGSA partnership concepts for approval.

Externally, the Army will host a public-facing webpage to convey partnership information to the general public, as well as to the Army Commands. In addition, the Army will participate in public forums with the Association of Defense Communities, Association of United States Army, Society of American Military Engineers and others to engage with the communities and States that are interested in partnering with us.

The Army will continue to assist commands with their Army-Community partnering meetings, identification of partnership opportunities, concept development and agreement consummation. These engagements provide valuable insight and lessons learned which help us to refine the partnership program and ensure it remains meaningful for all Army Commands.

Questions for the Record submitted by Congressman Farr for the Honorable Katherine Hammack follows:]

**Question:** For each of the services - to provide feedback if a BRAC can be "segmented" and then study each segment for transition to communities (look at categories instead of bases).

**Answer:** The Army seeks support for a BRAC focused on cost saving efficiencies to support infrastructure consolidation. The BRAC process saves money and is a proven, fair, and cost effective process. The requested BRAC will focus on efficiency and cost savings more closely resembling the circumstances of earlier BRAC rounds: a shrinking Army force structure, smaller budgets, and a relatively similar overseas stationing plan.

The established BRAC process already provides flexibility to study discrete categories of facilities or missions such as institutional training, logistics, and medical. The BRAC Commission is able to consider both closure and realignment recommendations developed not only from the individual military services, but also from joint cross-service working groups that examine broad functional categories of facilities.

A BRAC that "segments" or closes or realigns part of an installation and transfers part of the installation to the community is feasible, just in the same way we established "enclaves" in previous BRAC rounds (i.e. Fitzsimons Army Hospital; Fort Gillem, GA; Fort Devens, MA; and Fort Sheridan, IL). This approach, however, can significantly limit savings because the cost of running an installation remains relatively fixed regardless of whether its supported population and building square footage is reduced by 10%, 20%, or even 40%. The reason for this inelastic cost and population relationship is because an Army installation has a core set of installation services it must provide with Army staff (supplemented by contractors) as long as there is an open installation.

Closing installations maximizes savings because it eliminates the underlying requirements. BRAC has been demonstrated to be a flexible process enabling the Army to partially close an installation thereby reducing its infrastructure while retaining minimum essential maneuver space, ranges, and/or critical facilities to support current and future readiness and mobilization needs.

[Questions for the Record submitted by Congressman Farr for the Honorable Dennis V. McGinn follows:]

For the second year in a row, the President's Budget requests funding for an end-strength of 884 Full Time Equivalent (FTE) personnel at the Naval Postgraduate School. The Chief of Naval Operations conducted a study last fall that determined the school requires 1200 FTE to execute its mission, while the School is currently executing with an end-strength of 1100.

**Question:** The Navy has validated both the school's mission and research, so please explain to me how the Navy expects the school to continue its level of productivity with only an end-strength of 884 FTE? In your answer to the Committee, you stated that you would also forward this question to the Navy's Financial Management and Budget office. I believe this is a human resources issue rather than a budget issue and would be better addressed by the Navy's Manpower and Reserve Affairs office.

**Answer:** The primary mission of the Naval Post Graduate School is to increase the warfighting effectiveness of Naval Officers. Over time NPS expanded this primary mission by engaging in education and research activities for a variety of other customers including counterparts from other Services, international partners, OSD, and other executive agencies. The OPNAV study examined staffing requirements for the NPS workload, inclusive of all these other non-core mission activities. The result was a recommended staffing requirement in excess of data residing in the official Department of Navy manning data base which is used to determine Full Time Equivalent (FTE) controls by activity or command. NPS took on this additional workload, much of which is non-Navy, without developing or maturing commensurately complex business practices and without appropriately requesting official changes to the data base, which would have been subject to review for compliance with the NPS core mission and resource requirements, including FTE. At this time, any increase to the manning data base requires a corresponding decrease to other functional areas and/or commands within the Department. In the current budget environment, of which FTEs are a component, it has become more critical than ever before that Department of Navy ensure an appropriate balance between resource requirements for the NPS primary mission and all other staffing requirements. A formal Department of Navy review of NPS functions and their associated resource requirements, including sources and use of funds, is ongoing. Once this comprehensive review is complete, a final decision on NPS FTE staffing requirements and allocations will be made.

[Questions for the Record submitted by Congressman Farr for the Honorable Dennis V. McGinn follows:]

***Question:*** For each of the services - to provide feedback if a BRAC can be "segmented" and then study each segment for transition to communities (look at categories instead of bases).

***Answer:*** The Department of Navy believes a comprehensive approach, as was utilized in previous BRAC rounds, to be the best process to evaluate opportunities for properly aligning our domestic infrastructure with our evolving force structure and laydown. We believe the only fair and thorough way to determine whether there is excess capacity within the Department is to conduct the analysis using certified data that collects detailed information from each base across a broad array of interdependent functions and metrics and compares this information to current and projected force structure capabilities and requirements. To ultimately determine the most cost effective and operationally efficient locations for missions and functions, we need to be able to evaluate multiple alignment scenarios across the full spectrum of installations. Because of complex functional relationships and the fact that a single installation can serve multiple categories of mission and function needs, we believe that a "segmented" approach could be very misleading and not only sub-optimize potential cost savings, but could also lead to detrimental operational impacts and added costs.

[Questions for the Record submitted by Congressman Farr for the Honorable Miranda Ballentine follows:]

**Question:** For each of the services - to provide feedback if a BRAC can be "segmented" and then study each segment for transition to communities (look at categories instead of bases).

**Answer:** The primary savings generated from a BRAC closure come from the complete divestiture of infrastructure and support resources for an installation. Reduction in infrastructure footprint and lowered sustainment costs from a partially closed installation pale in comparison to the savings from a fully closed installation.

The benefit of following a BRAC process is that it does address community concerns by offering Office of Economic Adjustment (OEA) assistance to communities. The OEA equips communities with information, procedures, and technical and financial assistance needed to plan and implement economic recovery efforts. Additionally, communities may also benefit from BRAC if their local installation is selected to gain mission and personnel. The goal of BRAC is cost reduction through installation footprint consolidation so while some bases may close, others may experience growth.

[Questions for the Record submitted by Congresswoman Lee for Mr. John Conger follows:]

#### Closed Military Bases Converted to Veteran Affairs Facilities and Clinics

I would like to discuss military bases that can be converted to veterans affairs facilities and clinics. I would like to use Alameda Point outpatient clinic that is being constructed in my district as an example. This construction project is set to begin groundbreaking later this year- and it used to be a closed naval base from the BRAC Process. As I mentioned, there is a unique opportunity to turn these closed military bases in to VA facilities. Specifically the site in Oakland- I know that there were extensive studies to look at the impact environment and cost savings to erect a new facility versus repurposing an old base.

**Question:** Mr. Conger, I would like to know how many other facilities are like this one, and what you are doing to make sure that the DOD and the VA are working hand in hand to create more projects like this?

**Answer:** A result like what occurred at Alameda is possible wherever property becomes available from base closure or realignment and DVA steps forward with an interest in the property. Shortly after a closure or realignment under the Defense Base Closure and Realignment Act becomes final the Military Department will issue a notice of availability to other DoD Components and Federal Agencies, describing the buildings and property at the affected installation that will be available for transfer provided a need and ability to pay exists. Following a review of any expressions of interest, the Military Department is to make a final determination of excess (for property not needed by the Department) and surplus (for property not needed by another Federal agency). Any remaining property is then be published as surplus to the needs of the Federal Government in the Federal Register and made available for local redevelopment purposes not later than 180 days after the approval date. It is possible even after property has been determined surplus to the needs of the Federal Government for that determination to be withdrawn should a Federal need arise after consultation with the Federal interest and local community functioning as the Local Redevelopment Authority for the surplus property.

The Department of Defense and the Department of Veterans Affairs (DVA) have interagency processes and organizational relationships in place to facilitate collaboration where the respective Secretaries determine it is in the best interest of the Departments to do so - with or without a BRAC process. Recent examples include the James Lovell Federal Health Care Center in North Chicago, and shared facilities at Naval Air Station Pensacola and Joint Base Charleston. However, long-standing impediments to more robust collaboration continue to challenge the best intentions of both DoD and DVA.

[Questions for the Record submitted by Congresswoman Lee for the Honorable Katherine Hammack follows:]

#### Energy Efficient Buildings

In order to achieve this goal I know that installations must implement aggressive conservation and efficiency efforts, for example "repurposing" by-products, and utilizing renewable energy sources.

**Question:** Could you please explain to me about how you integrate energy considerations in to the master planning? Or how you can increase energy efficiency in new construction and existing buildings to reduce our dependency on fossil fuels?

**Answer:** Master Planning: Energy considerations are addressed in the Army policy following the concepts and principles of sustainable design and development for installation planning and infrastructure projects. The Army integrates energy considerations into its master planning process by following the Unified Facilities Criteria (UFC) 2-100-01, Installation Master Planning and Army Regulation (AR) 210-20, Real Property Master Planning for Army Installations. Both documents provide planning guidance that requires the incorporation of energy conservation aspects into all planning efforts. Energy efficiency, which includes reducing demand and providing a sustainable supply both at an individual building level and installation-wide, is part of the installation's planning goals including passive measures such as street orientation or active measures such as lighting upgrades. Sustainable planning also includes production of renewable energy, improvement of energy security, and enhancement of energy efficiency. Master planning incorporates the identification of potential locations for the production of renewable energy through use of wind, solar, geothermal, biomass, and other sources, this reduces dependence on energy from outside sources, thereby adding to energy security.

New Construction & Existing Buildings: Energy efficiency is incorporated into new construction and renovations to existing buildings following the Army's sustainable design and development policy. (The policy is available at:

[http://www.asaie.army.mil/Public/IE/doc/ASA\(IEE\)-SDD-policy-update-\(16-Dec-2013\).pdf](http://www.asaie.army.mil/Public/IE/doc/ASA(IEE)-SDD-policy-update-(16-Dec-2013).pdf).)

The goal is to provide efficient, productive, safe, and healthy facilities and installations that enhance mission effectiveness, reduce the Army's environmental footprint, and achieve levels of energy independence that enhance continuity of mission-essential operations. Under the policy, projects must be planned, programmed, budgeted, designed, built, and operated to comply with EPA Act 2005, EISA 2007, EO 13423, and EO 13514, and to conform with the UFC 1-200-02 (High-Performance and Sustainable Buildings Requirements). The policy incorporates the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) 189.1-2011 Standard for the Design of High-Performance Green Buildings, which includes high energy performance requirements.

Under the policy, new construction and major renovation projects will achieve the highest energy efficiency that is life-cycle cost-effective within the project's programmed amount. Projects will also evaluate the feasibility to include renewable energy systems in the project. Renewable energy systems will be designed to function absent of normal utility power and have the ability to divert

power to mission-critical assets as appropriate. For water heating, all projects will meet the EISA 07 Section 523 requirement to provide a minimum of 30 % of the facility's hot water demand by solar water heating when life-cycle cost-effective, and shall achieve higher percentages to the maximum amount that is life-cycle cost-effective. Exterior lighting will use high-efficiency lighting technologies and associated control systems.



[Questions for the Record submitted by Congresswoman Lee for the Honorable Dennis V. McGinn follows:]

Ecological Factors in Construction

As a follow up, I would like to return to the unique space that is the site for the Alameda point facility. As I mentioned before, we must be sensitive about the need to have a transition period for local communities after a base has closed. However, we must also be sensitive to the ecological system surrounding the closed base. In the instance of Alameda Point, the naval base was allowed to "return to nature" and the military left the pavement jet runway intact because of the heat generated was attractive to a lot of birds and other fowl that sought refuge near the marshlands.

**Question:** We wanted to know if they have other projects that involve acquiring closed naval bases (or army bases) that can later be turned in to VA sites?

**Answer:** The DoN has not received any other requests to transfer property to the Department of Veterans Affairs under the federal-to-federal transfer process.

[Questions for the Record submitted by Congresswoman Lee for the Honorable Dennis V. McGinn follows:]

Ecological Factors in Construction

We know this can be done, because there is an example of this in our district. The Alameda Point site, in the city of Alameda is a former naval base that is now being turned in to a VA outpatient clinic. The ground breaking is coming up and we know that before a naval base can be turned in to a VA site, we have to take in to account the environmental impacts. We must also be sensitive to the ecological system surrounding the closed base. In the instance of Alameda Point, the naval base was allowed to "return to nature" and the military left the pavement jet runway intact because of the heat generated was attractive to a lot of birds and other fowl that sought refuge near the marshlands.

**Question:** Can you please tell us what other projects involve turning former bases into possible VA sites and how we can assist in this process (i.e., what congressional authority do you need and what resources do you need to complete these projects?)

**Answer:** The DoN has not received any other requests to transfer property to the Department of Veterans Affairs under the federal to federal transfer process. At the present time, no additional Congressional authorities are necessary.

[Questions for the Record submitted by Congresswoman Lee for the Honorable Miranda Ballentine follows:]

Diversity in Hiring

**Question:** Finally, I would like to ask Ms. Ballentine about the installation for these energy efficient buildings that we are building. I would like to ask how many minority contractors and minority or women-owned business are given the contracts to these projects? As you know, diverse hiring for the installation of a lot of these LEED certified buildings for solar panels, weatherization and any other renewable technology is very important. California is currently undergoing a boom in the solar industry and I want to ensure that all contractors are being given equal access to these opportunities.

**Answer:** The Air Force does very well in the small business market of construction services which includes these types of energy efficient buildings. Small businesses are awarded over 92 percent of all construction contracts in the last two fiscal years. Within the construction market for small businesses, Small Disadvantaged Businesses (SDB) receive approximately 48 percent, Women Owned Small Business (WOSB) and Service Disabled Veterans Owned Businesses (SDVOB) each receive a little over 16.7 percent and HUBZones categorized businesses receive approximately 20.9 percent of the total "Construction of Structures/Facilities" market. The one caveat when looking at the percentages of small businesses is that the businesses self-identify and can identify in one category or several. For example, a WOSB can also classify itself as a SDB and SDVOB.

[Questions for the Record submitted by Congresswoman Lee for the Honorable Miranda Ballentine follows:]

Diversity in Hiring

**Question:** Can you please elaborate how many minority owned contractors assist you in the construction phase of these buildings? And also how are you placing an emphasis in diversity hiring especially in the solar and geothermal installation?

**Answer:** Minority owned businesses also have a very strong representation in this area—171 companies spanning the various socio-economic groups (small businesses, small disadvantaged businesses, woman-owned small businesses, veteran and service-disabled veteran-owned small businesses and historically underutilized zone (HubZone) small businesses) have been awarded over \$182 million in fiscal year 2014.